

Claiborne Chamber



Of Commerce
Homer, Louisiana 71040

Claiborne Chamber of Commerce

Economic Development Revolving Loan Program

The Revolving Loan Program will be administered by the Economic Development Committee of the Claiborne Chamber of Commerce, which is a 501 C-6 corporation. This committee will consist of representatives from the Claiborne Industrial Board, Homer Industrial Foundation, President of the Claiborne Chamber of Commerce, Executive Director of the Claiborne Chamber of Commerce, an executive of a local financial institute, and any other qualified individuals so appointed by the President of the Board of the Claiborne Chamber of Commerce so as not to exceed 7 members.

Claiborne Parish has an estimated population of 16,851. The average weekly wage is \$555.00 and parish unemployment, as of July 2007, was 5.4%. The area targeted for economic development shall include the entire area of Claiborne Parish

Loan eligibility for any new or existing private business shall be considered by the Economic Development Committee after the applicant has first submitted, in good faith, a conventional loan application to a lending institution in Claiborne Parish. The results of this first application shall be considered during this RLP loan consideration process. RLP maximum interest rate shall not exceed six (6%) percent. Eligible businesses are: retail, tourism and promotion, distribution, service, light assembly, wholesale, manufacturing and industrial.

STATEMENT OF PURPOSE

These grant funds may be used to finance and develop small and emerging private business enterprises in Claiborne Parish, Louisiana, including but not limited to

- A. the acquisition and development of land,
- B. construction, conversion, enlargement, repairs or modernization of buildings, plants, machinery, equipment, access street, parking areas, utilities and pollution control and adequate facilities,
- C. start-up operating costs and working capital.

REQUIREMENTS FOR APPLICANTS

For applicants involving a purpose other than a construction project to be owned by the applicant, the applicant shall develop a *Direct Work Plan*. The *Direct Work Plan* will be used to measure the performance of the loan receiver. The *Direct Work Plan* should include the following:

- A. the specific purpose for which the loan will be used.
- B. the date and time frame in which the loan will be used and repaid.
- C. who will be responsible for the loan and its repayment. The person or persons responsible for the loan will be identified.
- D. a schedule of repayment for the loan.
- E. documentation showing other funds to be used in conjunction with this loan; if any
- F. information showing the need for the monies from this Revolving Loan Fund, administered by the Economic Development Committee of the Claiborne Chamber of Commerce.
- G. a current financial statement or most recent income tax report from a certified public accountant containing all business/personal financial data
- H. a list of collateral items

OTHER REQUIREMENTS

As a part of loan approval qualifications these funds will not be used to create adverse environmental impacts.

Borrowers must meet Federal Drug Free environmental standards.

All federal requirements regarding equal opportunity will be met.

All credit criteria must be acceptable to the Board of Review.

A credit report will be made on each applicant.

Loan preferences will be made on the basis whether the anticipated development, expansion, or furtherance of business enterprises will create and/or save jobs.

LOAN AVAILABILITY

Notice of loan availability will be made through the official parish news journal. There will be a \$100.00 non-refundable loan application fee per loan request.

LOANS

All credit criteria must be acceptable to the Board of Review.

Loan preferences will be made on the basis of job creation.

The proposed project of the loan applicant must be located within Claiborne Parish, Louisiana.

REPAYMENT

Repayment terms are not to exceed ten (10) years. Applicant must show P&L for the current business/projection for the duration of the loan.

Repayment schedule will commence forty-five (45) days from date of loan closing. Payment will be due on the first of each month and considered past due after the tenth of each month.

GENERAL BUSINESS INFORMATION

This preliminary information may be needed by your bank to evaluate your loan request.

1. ***Description of Business:*** Describe type of business or service to be conducted. For existing businesses, give complete history. Describe how you will operate, what changes (if any) you will make with the loan, and how it will help you. If proposed business, describe planned business entity (proprietorship, partnership, or corporation) and how you will operate.
2. ***Management:*** Complete personal resume of each principal. Add description of experience and management capabilities that will make the business a success.
3. ***Equity:*** How much cash will you inject, without borrowing? If you plan to borrow equity from friends or relatives, detail the terms of repayment. List any outside collateral you plan to use in the business.
4. ***Collateral:*** List collateral available to support loan and an estimate of its value. Attach all appraisals currently available.
5. ***Financial Information:*** For existing (owned) business, submit financial statements (include balance sheets and income statement) for last three years. Submit a current financial statement for period since last fiscal year ended. Provide a projection of your sales, expenses and profit for at least one full year after you receive the loan.
6. ***Written Breakdown on Use of Loan Funds:*** Explain purpose of loan. Estimate funds needed for operating capital, accounts receivable buildup, equipment and machinery, remodeling expense, etc. If real estate construction is involved, detail land cost, lands improvements, and utilities, and get a firm written estimate from contractor, including performance bond cost.
7. ***Personal Financial Statement:*** of owner, each partner, or each stockholder owning 20 percent or more of business.

COVENANTS AND TERMS

1. A non-refundable processing fee of \$100.00 is due with each application.
2. There will be a 2% origination fee to be paid at the time of closing.
3. Applications are to be filled out in their entirety.
4. All applications are subject to review by the Chamber's attorney.
5. The applicant will pay all closing and recording fees.
6. Life insurance on key personnel shall be assigned in an amount sufficient to cover the outstanding balance for the duration of the loan.
7. Hazard insurance shall be required covering real estate and movables pledged as collateral and the Chamber shall be loss payee on the policy.
8. The ultimate recipient will inject a minimum of ten (10%) percent of the proposed project in the form of cash or equity.
9. These funds cannot be used to relocate the business unless it is essential to its survival.
10. All notes will become due and payable the first of each month. After the 10th of the month a late fee will be charged. If not paid by the 1st of the following month, interest will accrue as per a daily per diem. Formula: [(Balance of loan x interest rate) : 365] x number of days late = interest accrual.
11. When a loan reaches thirty (30) days past due, makers and co-makers will be sent notice of immediate payment.
12. When a loan reaches sixty (60) days past due, they will receive a certified letter informing them of legal action unless brought current within ten (10) working days.
13. In event of default, the late fees, the interest then accrued and the entire unpaid principal of the note shall become due and payable upon written demand. The following are considered events of default:
 - a. Non payment of loan
 - b. Incorrect representation of warranty.
 - c. Default in conveyance.
 - d. Voluntary insolvency
 - e. Involuntary insolvency.
 - f. Judgement.
 - g. Cessation/reduction of operations.