

LOAN APPLICATION

Name of Business (Legal Name): _____

Address: _____

City, State, Zip: _____

Business Phone: _____ Fax: _____

Federal Tax ID #: _____

Principals

Name: _____

Address: _____

City, State, Zip: _____

Phone: _____

Social Security #: _____

Type of Business

Sole Proprietorship _____ Corporation _____ Partnership _____

Date Established _____

Loan Request Amount _____

Participating Bank Lender

Name: _____

Address: _____

City, State, Zip: _____

Contact Person: _____ Contact Phone: _____

Describe the type of business in which the applicant is engaged.

Describe project for which applicant is seeking an MCCF loan.

EXISTING BUSINESS FINANCING OBLIGATIONS (Date of most recent balance sheet)

| CREDITOR NAME | ORIGINAL AMOUNT/ DATE | PRESENT BALANCE | MATURITY DATE | INTEREST RATE | MONTHLY PAYMENT | PAYMENT STATUS |
|---------------|-----------------------|-----------------|---------------|---------------|-----------------|----------------|
| | | | | | | |
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| | | | | | | |

PROJECT FINANCING SUMMARY

SOURCE AND USE OF FUNDS

| | MCCF | BANK | EQUITY | OTHER | OTHER | TOTAL |
|-----------------------|------|------|--------|-------|-------|-------|
| Property Acquisition | | | | | | |
| Site Improvement | | | | | | |
| Building Renovation | | | | | | |
| New Construction | | | | | | |
| Machinery & Equipment | | | | | | |
| Working Capital | | | | | | |
| Inventory | | | | | | |
| Debt Refinancing | | | | | | |
| Other | | | | | | |
| Other | | | | | | |
| Total | | | | | | |

PROPOSED FINANCING TERMS

| | MCCF | BANK | EQUITY | OTHER | OTHER | TOTAL |
|-------------------|------|------|--------|-------|-------|-------|
| Amount | \$ | \$ | \$ | \$ | \$ | \$ |
| % of Project Cost | % | % | % | % | % | % |
| Term (years) | yrs | yrs | yrs | yrs | yrs | yrs |
| Interest Rate | % | % | % | % | % | % |
| Debt Service | yrs | yrs | yrs | yrs | yrs | yrs |
| Lien Position | | | | | | |
| Collateral | | | | | | |
| Guarantee | | | | | | |



ADDITIONAL REQUIRED INFORMATION

The information included in the attached “Exhibit A – Application Exhibits” shall also be provided to MCCF as part of this loan application

I declare that the information provided on this application and the accompanying exhibits is true and complete to the best of my knowledge. I understand that the Minnesota Community Capital Fund has the right to verify this information and will be in contact with those individuals and institutions involved in the proposed project. I also understand that if this loan is approved it will be sold to the secondary marketplace. I authorize the Minnesota Community Capital Fund to share information contained in this application process with prospective purchasers in order to evaluate the feasibility of selling this loan.

By _____

Its _____

Date _____

Submit completed application to:

Minnesota Community Capital Fund
Attention: Bob Palmquist
Senior Loan Officer
221 West First Street
Duluth, MN 55802
Direct: 218-529-7562
Toll-free: 800-860-6223
Email: bpalmquist@mncommunitycapitalfund.org

EXHIBIT A: APPLICATION EXHIBITS

Exhibit 1

History and Description of Business

Briefly describe the past operation of the business and/or events leading up to its creation. Include information on the product lines or services, industry, management and key employees, the operation's growth and affiliates.

Exhibit 2

The Project and Related Marketing Plan

Describe the proposed project for which financing is being requested. Detail the marketing strategy and describe how it will support the planned business expansion or start-up. Include information on the following:

- current customers and target markets (provide copies of contracts, purchase orders, etc. which relate to the loan request)
- manufacturing process and materials
- major suppliers
- competition and comparison of products
- pricing, distribution, and promotion

Exhibit 3

Detailed Source and Use of Proceeds

Detail how the total project amount will be used including all sources of funds. Attach written cost estimates.

Exhibit 4

List of Collateral

Provide a detailed list of all collateral offered, new and existing, its value, and security position by funding source.

Exhibit 5

Commitment Letters

Include firm commitments from banks and other participating lenders stating the terms and conditions of their financing.

Exhibit 6

Impact on Community/Jobs

Describe how the proposed project will benefit the community or area in which the business is located. Briefly describe direct and indirect employment benefits, effect on the tax base (if any), and benefits to other businesses and organizations.

Exhibit 7

Financial Statements

Provide balance sheets and income statements for the past three fiscal years.

Exhibit 8

Interim Statement

Provide balance sheets and an income statement that is less than 90 days old.

Exhibit 9

Projections

Provide two years proforma balance sheets, income statements and cash flows stated on a monthly and annual basis. Define the assumptions used to derive the projections.

Exhibit 10

Resumes and Personal Financial Statements

Provide resumes of all principals as well as current, dated and signed personal financial statements on all principals with a significant financial interest in the business.

Exhibit 11

Affiliates

Provide a description of any affiliates or subsidiaries of business or principals requesting assistance, as well as balance sheets and income statements for past two fiscal years.

Exhibit 12

Appraisals/Proposed Lease/Purchase Options or Agreements

An independent appraisal may be required for any real estate which is a subject of the proposed financing, or which is offered as a major source of collateral to secure the loan. Also include copies of existing or proposed lease(s), purchase options or agreements, or other financial arrangements.

Exhibit 13

Partnership Certificate of Authorization or Corporate Certificate of Authority

Include minutes of the corporate meeting adopting this certification, where applicable. Evidence of corporate action approving the borrowing will be required at closing.

Exhibit 14

Other Required Attachments

- Copy of last year's business income tax statement.
- Copy of last year's personal income tax statement of principals.
- A letter from the County Clerk and County Treasurer verifying that there are no outstanding judgements or tax liens against the business or owners of the business.
- Evidence of payment of last quarter's payroll tax.
- Evidence of Worker's Compensation insurance coverage.

EXHIBIT B: LOAN CRITERIA

FINANCING POLICIES

Loan Amounts:

- \$50,000 minimum
- \$2,500,000 maximum

Eligible Projects:

- Funded project must be within a member's area of operations.
- Borrower may be a for-profit business entity, non-profit entity, cooperative, or local unit of government.
- A financial institution must be a participant in the project financing.

Allowable Use of Proceeds:

- MCCF financing assistance may include, but is not limited to: fixed assets, including land and building purchase, building construction, leasehold improvements and renovations; acquisition, renovation or moving machinery and equipment; and working capital loans secured by fixed assets with fixed repayment schedules (not lines of credit).
- Loans may not be used to refinance existing debt.

Ineligible Use of Proceeds:

- Speculative real estate developments.
- Purchase of equity positions in business enterprises.

Interest Rates:

- Adjustable and fixed rate loans are available, with rates determined by the MCCF member originating the loan.

Loan Term Length:

- The term of each loan will be determined on a case-by-case basis, with the primary factor being the collateral offered. Loans secured by real estate will generally not exceed 20 years, and loans secured by machinery and equipment will generally support a loan term of up to 10 years, not to exceed the depreciated life of the asset being financed. When possible, the MCCF loan will coincide with the term of the participating bank loan, including any balloon maturity provisions.

Fees and Charges:

- A 1.75% loan origination fee will be charged to all MCCF borrowers. This fee will be assessed only for approved loans, but must be paid at or prior to loan closing.
- A 0.5% loan underwriting fee shall be paid by the borrower at loan closing.
- Borrowers are responsible for paying all legal and other loan closing costs incurred by MCCF.

CREDIT CRITERIA

Equity or Cash Requirements:

- Loan applicants must demonstrate an acceptable level of project equity, with a minimum of 10% equity provided by the borrower. Subordinated debt within the same project financing may be considered as additional equity, subject to an intercreditor agreement. All other criteria will apply, including subordinate debt, when calculating debt coverage.

Collateral Requirements:

- Loan collateral coverage must be at least 100% of the MCCF loan amount on appraised value of assets, less all senior debt.
- MCCF will consider the following collateral positions: first security interest, shared first security interest, subordinated security interest and shared subordinated security interest.

Debt to Worth:

- MCCF will consider financing projects that have a tangible net worth ratio on an actual and proforma basis of no greater than 10 to 1 (10% project equity or greater). Each project shall be analyzed on its own merits and its ability to service both existing and new debt.
- MCCF borrowers (real estate holding companies excluded) should have a tangible net worth of 5 to 1 or less, based upon their most recent financial statements and, on a proforma basis, reflecting the new proposed debt.

Personal Guarantees:

- Personal guarantees will be required for all owners with 20% or greater ownership in closely held businesses.

Management Experience & Company Performance:

- The MCCF will require that the project have capable, skilled management through experience or expertise in the applicant's industry, either through previous successful business ownership or through appropriate managerial support services. Borrowers having erratic or undocumented earnings, or borrowers having new and unproven management, will require more loan risk sharing by the MCCF member originating the loan.

Repayment Ability:

- Applicants must demonstrate adequate historical cash flow showing trends that support debt service coverage of at least 1.1 to 1. Proforma financial cash flows must also support debt service coverage of at least one to one.