

Town of Lisbon

The Town of Lisbon is an Equal Opportunity Lender

Revolving Loan Fund Program

Loan Application & Process

Adopted by Town Council on June 17, 2008

Complete all sections including the checklist and return with a nonrefundable application fee of \$350.00 to the Town of Lisbon, Economic/Community Development Office.

- Section I Applicant Information (Must be completed by Applicant)
- Section II Ownership Information (Must be completed by Applicant)
- Section III Sources and Uses of Funds – (Must be completed by Applicant assistance is available if needed)
- Section IV Information on Participating Private Lenders (Complete if applicable)
- Section V Other sources of financing (Complete if applicable)
- Section VI References
- Section VII Exhibits – Fourteen exhibits are listed in this portion of the RLF Loan Application. Depending upon the company, its history, length of existence, and amount requested, these fourteen exhibits may or may not pertain to each application. Listed below are the fourteen exhibits and a brief description of each with a notation of what is required and what items are project specific.

Exhibit	REQUIREMENTS	DESCRIPTION
A	Required	Brief description and history about the business and overview of project being financed.
B	Required	A three-year schedule of jobs to be created or retained as a result of financing, include wages, salaries and benefits information.
C	Project Specific	**A balance sheet and income statement for the previous three years, if available.
D	Project Specific	Current balance sheet and operating statement not more than 90-days old
E	Project Specific	If the company is new, operating with modest profit, or not exhibiting the ability to service the obligation proposed, a pro forma balance sheet and projected profit and loss with notes of explanation must be submitted.
F	Project Specific	The names of affiliates and/or subsidiary firms with last year end financials
G	Required	Resumes of key management personnel.
H	Required	Personal Financial Statement and Business and Personal Tax Returns on any owner of the business owning more than 20% interest. (PFS not more than 90 days old and PTR last three years) & Signed Consumer Credit Authorization(s)

I	Required	If new construction or expansion of real property, plans for the project are to be submitted. If funds are to be used for machinery and equipment, an itemized listing of machinery and equipment to be purchased.
J	Project Specific	Commitment letter(s) from participating lender(s) stating terms and conditions.
K	Required	An appraisal on real property if tax assessment does not provide adequate coverage and if it is on existing machinery equipment as the primary source of collateral an independent equipment appraisal may be required. Equipment to be purchased can be valued at book value, invoice, or purchase and sale price.
L	Required	For newer companies in existence under two years an analysis of competitors in the marketing plans.
M	Required	An environmental questionnaire (if applicable).
N	Project Specific	Supporting documentation credit reports will always be taken on any owner of a business more than 20% or a sole proprietorship.

Other items that may be required as determined by the revolving loan fund manager or committee including but not limited to letters of reference, contracts, legal descriptions, patents or pending patents, copies of leases, feasibility studies, or any other documents that the Town may deem necessary.

***In the event the funding request is for less than \$50,000, the only difference would be using tax returns instead of a Balance Sheet and Income Statement. The Town will be satisfied with the management prepared Profit and Loss and Balance Sheet.*

Section VIII General Certification

Section IX Personal Financial Statement (Must be signed and dated by Applicant)

Section X Applicant Certification (Must be signed and dated by Applicant)

Section XI Consumer Credit Authorization (Must be signed and dated by Applicant)

Section XII Presentation Requirements

Section XIII RLF Committee Communication

Section XIV RLF Collateral Summary Sheet

Section XV Approval/Declination

Section XVI Commitment Letter & Loan Agreement

Section XVII Past Due Policy

Section XVIII Closing Process

Section XIX Closing Agenda

Section XX Documentation Requirements/Annual Servicing

Town of Lisbon

Application for Financing

The Town of Lisbon is an Equal Opportunity Lender

INSTRUCTIONS: Complete all portions of application and attach requested exhibits.
PLEASE PRINT LEGIBLY

NOTE: Not all businesses and/or projects qualify for financing. Prior to completing this form, potential applicants need to contact the Economic/Community Development office to determine eligibility.

I. APPLICANT INFORMATION

Name of Business: _____

Street Address: _____

City/State/Zip: _____

Mailing Address if different: _____

Telephone: _____ Fax: _____ Email: _____

Date Established: _____ Tax ID Number: _____

DUNS #: _____ NAICS#: _____

Please Circle One: New Business Existing Business

Type of Business (List products and/or services): _____

Organizational Structure (i.e. LLC, S-Corp. etc.): _____

Number of Employees: Present _____ Projected if Loan Approved: _____

Project Location (if different from above): _____

Name of Person Completing this Form: _____

II. OWNERSHIP INFORMATION

Please provide the following information about the owner(s) of the business.

Is the applicant at least 51% owner and considered citizens of the United States or reside in the United States after being legally admitted for permanent residence? Yes No

Name/Title	Address	% Ownership	Annual Compensation

III. SOURCES AND USES OF PROJECT FUNDS

USES	SOURCES				Total Uses
	Lisbon	Private Lender	Equity	Other	
Land Acquisition					
Land Improvements					
Building/Purchase					
Building/Renovations					
Building/Construction					
Machinery & Equipment					
Furniture & Fixtures					
Working Capital					
Other (specify)					
Total/Source					

IV. INFORMATION ON PARTICIPATING PRIVATE LENDERS

Name of Lender: _____ Loan Officer: _____

Street Address: _____

City/State/Zip: _____ Telephone: _____

V. OTHER SOURCES OF FINANCING (Attach additional sheets if necessary):

Name of Lender/Investor: _____

Address: _____

Contact Person: _____ Telephone: _____

VI. REFERENCES

Legal Counsel:

Name: _____

Address: _____ Telephone: _____

Accountant:

Name: _____

Address: _____ Telephone: _____

Suppliers: (List three largest)

Name and Contact Person: _____

Address: _____ Telephone: _____

Name and Contact Person: _____

Address: _____ Telephone: _____

Name and Contact Person: _____

Address: _____ Telephone: _____

Customers: (List three largest)

Name and Contact Person: _____

Address: _____ Telephone: _____

Name and Contact Person: _____

Address: _____ Telephone: _____

Name and Contact Person: _____

Address: _____ Telephone: _____

VII. EXHIBITS

1. A brief description of the business and project being financed - attach business plan if available. Exhibit A
2. A three-year schedule of jobs that will be created or retained as a result of this financing include wages, salaries and benefit information. In the case of "retained" jobs, provide justification that the jobs would be lost without Town assistance. Exhibit B
3. Balance sheets and income statement for previous three years Exhibit C
4. A current balance sheet and operating statement (not more than 90 days old) Exhibit D
5. A pro forma balance sheet and projected operating statement with notes of explanation Exhibit E

6. The name of affiliates and/or subsidiary firms with last fiscal year-end financial statement for the listed firms Exhibit F
7. Resumes of key management personnel Exhibit G
8. Personal financial statement (not more than 90 days old) and Business and Personal Tax Returns of the owner(s) with 20% or more ownership of the business (last three years) & Signed Consumer Credit Authorization(s) Exhibit H
9. Plans for construction or expansion and itemized list of machinery or equipment
10. A letter from the participating lender(s) stating the terms and conditions of the participation and the reason why it will not finance the entire project Exhibit J
11. A list of collateral to be offered as security for the Lisbon loan (Note: an independent appraisal may be required.) Exhibit K
12. A marketing plan which includes an analysis of competitors (may be included in business plan, if so state.) Exhibit L
13. Environmental Questionnaire (if applicable) Exhibit M
14. Supporting documentation such as credit reports, letters of intent, letters of reference, contracts, legal descriptions, patents or pending patents, copies of leases, feasibility studies, etc. Attach as appropriate. Exhibit N

VIII. GENERAL CERTIFICATION

Applicant: The undersigned certifies that he/she is the _____(Title) of the applicant business applying for financing from the Town of Lisbon, that he/she is familiar with the records of the borrower and contents of this application, and that he/she is authorized to submit and sign the application. The information contained in this application, including all exhibits, is to the best knowledge of the undersigned, complete and accurate and presents fairly the condition of the applicant and project accurately its intended operations for the period set forth in this application.

IX. PERSONAL FINANCIAL STATEMENT (Complete pages 8-12)

It is required that all applicants owning 20% or more in a business have on file with the Town of Lisbon a Personal Financial Statement. If an applicant has already applied for financing with another lender and has completed a Personal Financial Statement for that lender, the Town of Lisbon will accept a copy of the already completed Personal Financial Statement, if not more than 90 days old. However, the Town of Lisbon will require any individual submitting a Personal Financial Statement from another agency to sign the Town of Lisbon Personal Financial Statement on page (12) twelve and complete the Consumer Credit Authorization on page (13) thirteen, allowing for the Town of Lisbon to perform a credit check on the individual(s).

X. APPLICANT CERTIFICATION

It is hereby represented and certified by the undersigned that to the best knowledge and belief of the undersigned, the information contained herein and attached hereto is accurate and correct and truly descriptive of the project, the *Applicant* and any guarantor or other proposed project occupant.

I understand that loans from Town of Lisbon Commercial Lending Programs are generally for a maximum of ten years (with some exceptions for a longer term) and that the programs can be utilized only when the applicant is unable to obtain credit elsewhere at comparable rates or terms or would not undertake the proposed project at the intended location without the Town of Lisbon Revolving Loan Fund assistance.

I understand the Lisbon Town Council is the only power authorized to approve my financing request and that I can rely only upon *written evidence* that the Council has approved my request. Any other communications are preliminary in nature and ***do not, in any way, constitute a commitment to lend.***

If my loan is approved, the Town of Lisbon may use my name, the company's name and the loan amount for promotional purposes.

Applicant: _____ Applicant: _____

Signature: _____ Signature: _____

Date: _____ Date: _____

If Incorporated:

Corporate Name: _____

By (Title): _____

Signature: _____ Date: _____

TOWN OF LISBON
Personal Financial Statement
Town of Lisbon is an equal opportunity lender

Name: _____
 Address: _____
 City: _____ State: ____ Zip: _____
 Occupation/Position: _____
 Business Name: _____
 Business Address: _____
 City: _____ State: ____ Zip: _____
 H Phone: _____ B Phone: _____

Name: _____
 Address: _____
 City: _____ State: ____ Zip: _____
 Occupation/Position: _____
 Business Name: _____
 Business Address: _____
 City: _____ State: ____ Zip: _____
 H Phone: _____ B Phone: _____

Statement of Financial Condition as of: _____

Please asterisk (*) those assets that are separate property and indicate ownership.

ASSETS (omit cents)		LIABILITIES & NET WORTH (omit cents)	
Cash on hand and in banks (Schedule 1)		Notes Payable to Bank (Schedule 8)	
Marketable Securities (Schedule 2)		Installment Account (Auto) (Schedule 8)	
Non-Marketable Securities (Schedule 3)		Other Notes Payable (Schedule 8)	
Accounts Receivable		Mortgages Payable (Schedule 6)	
Note Receivable (Schedule 4)		Residential	
IRA or other Retirement Accounts		Non-Residential	
Cash Value of Life Insurance (Schedule 5)		Taxes Payable	
Real Estate (Schedule 6)		Loan on Life Insurance	
Residential		Credit Cards Payable	
Non-Residential		Other Liabilities (Itemize)	
Non-Real Estate Bus. Interests (Schedule 7)			
Automobiles			
Personal Property			
Other Assets (Itemize)			
		Total Liabilities	
		Net Worth	

Total Assets		Total Liabilities and Net Worth	
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SCHEDULES

SCHEDULE 1 – CASH

NAME OF INSTITUTION	ACCOUNT NAME	PRESENT BALANCE	OPENING DATE
Total		\$	

SCHEDULE 2 – MARKETABLE SECURITIES

# OF SHARES	NAME OF SECURITY	COST BASIS PER SHARE	MARKET VALUE PER SHARE	TOTAL VALUE	PLEDGED YES/NO	RESTRICTED YES/NO	REGISTERED IN NAME OF:
Total				\$			

SCHEDULE 3 – NON-MARKETABLE SECURITIES

# OF SHARES	NAME OF SECURITY	COST BASIS PER SHARE	BOOK VALUE PER SHARE	TOTAL VALUE	PLEDGED YES/NO	RESTRICTED YES/NO	REGISTERED IN NAME OF:
Total				\$			

SCHEDULE 4 – NOTES RECEIVABLE (INCLUDING REAL ESTATE NOTES)

MAKER	ORIGINAL AMOUNT	PRESENT BALANCE	PAYMENTS	MATURITY	COLLATERAL (IF ANY)
Total		\$			

SCHEDULE 5 – LIFE INSURANCE

COMPANY	FACE AMOUNT	CASH SURRENDER OR LOAN VALUE	POLICY LOAN (IF ANY)	PLEDGED YES/NO	BENEFICIARY
Total		\$			

SCHEDULES

SCHEDULE 6 – RESIDENTIAL REAL ESTATE

DESCRIPTION & YR ACQUIRED	TITLE IN NAME OF:	% OF OWNER-SHIP	MARKET VALUE	COST	MO. INCOME	MO. EXPENSES	MO. PAYMENT	LIENHOLDER	PRESENT BALANCE
Total			\$					Total	\$

SCHEDULE 6 – NON-RESIDENTIAL REAL ESTATE

ADDRESS & YR ACQUIRED	TITLE IN NAME OF:	MARKET VALUE	COST	MO. PAYMENT	LIENHOLDER	PRESENT BALANCE
Total			\$			Total \$

SCHEDULE 7 – NON-REAL ESTATE BUSINESS INTEREST

BUSINESS NAME	OWNERSHIP %	COST	MARKET VALUE	METHOD OF VALUATION	RELATED DEBT
Total		\$			

SCHEDULE 8 – NOTES PAYABLE, INSTALLMENT ACCOUNTS, OTHER NOTES PAYABLE

DUE TO	ORIGINAL AMTOUNT	PRESENT BALANCE	PAYMENT	MATURITY	COLLATERAL (IF ANY)
Total		\$			

CONTINGENT LIABILITIES

(A potential future liability, either known or estimated, conversion of which to a direct liability is dependent on future events)

AS ENDORSER OR CO-MAKER FOR:	\$	AS GUARANTOR FOR:	
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NON-LEASES/NON-CONTRACTS		OTHER OBLIGATIONS	
LEGAL CLAIMS			
LETTERS OF CREDIT		TOTAL CONTINGENT LIABILITIES	\$

PERSONAL INFORMATION

1. Do you have a will? Yes No If so, name of Executor: _____
2. Are you a partner or officer in any other ventures? If so, describe: _____

3. Are any assets pledged other than as described on schedules? If so, describe: _____

4. Income tax settled through (date): _____
5. Are you a party to any suits or legal actions? If so, describe: _____

6. Are there any unsatisfied judgments against you? If so, describe: _____

7. Have you been declared bankrupt in the past 10 years? If so, give details: _____

PERSONAL CASH FLOW STATEMENT

SOURCES OF CASH			USES OF CASH		
	PRIOR YR.	CURRENT YR. (EST.)		PRIOR YR.	CURRENT YR. (EST.)
SALARIES (GROSS)			PERSONAL EXP.		
COMMISSIONS BONUSES			BANK LOANS PRINCIPLE & INT.		
RENTAL INCOME			OTHER LOANS PRINCIPLE & INT.		
DIVIDEND & INTEREST INCOME			MORTGAGE LOAN		
SALE OF ASSETS			INCOME TAXES		
COLLECTIONS OF RECEIVABLES			BUSINESS REQUIREMENTS		
CASH DISTRIBUTIONS FROM BUSINESSES			ALIMONY/ CHILD SUPPORT		
OIL & GAS INCOME			OTHER USES OF CASH		
ALIMONY/ CHILD SUPPORT			INSURANCE		
OTHER SOURCES OF CASH					

			TOTAL CASH OUTLAYS		
TOTAL CASH REC'D			CASH FLOW SURP (DEFICIT)		

SIGNATURES

The information contained in this statement is provided for the purpose of obtaining, or maintaining credit with you on behalf of the undersigned, or persons, firms or corporations in whose behalf the undersigned, may either separately or jointly with others, execute a guaranty in your favor. Each undersigned understands that you are relying on the information provided herein (including the designation made as to ownership of property) in deciding to grant or continue credit. Each undersigned represents and warrants that the information provided is true and complete and that you may consider this statement as continuing to be true and correct until a written notice of a change is given to you by the undersigned. You are authorized to make all inquiries you deem necessary to verify the accuracy of the statements made herein, and to determine my/our creditworthiness. You are authorized to answer questions about your credit experience with me/us.

Printed Name: _____ SS Number: _____

Signature: _____ Date: _____

Printed Name: _____ SS Number: _____

Signature: _____ Date: _____

***Race**

- Native American
- Black
- White

- Asian
- Hawaiian or Pacific Islander

Gender

- Female
- Male

Veteran Status

- Veteran
- Non-Veteran

***Ethnicity**

Hispanic or Latino Yes or No

**The above information is requested by the Federal Government for certain types of loans, in order to monitor the lender's compliance with equal credit opportunity. You are not required to furnish this information, but are encouraged to do so. The law requires that a lender may neither discriminate on the basis of this information nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations, this lender is required to note race/ethnicity on the basis of visual observation or surname. If you do not wish to furnish the above information please check this box.*

Town of Lisbon is an Equal Opportunity Lender

“The Federal Equal Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); and because all or parts of the applicant’s income is derived from any public assistance program; or because the applicant has, in good faith, exercised any rights under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission. If a person

believes he or she has been denied assistance in violation of this law, they should contact the Federal Trade Commission, Washington, DC 20580.”

XI. CONSUMER CREDIT AUTHORIZATION

The following information is needed to complete a personal credit investigation. This form is to be completed by each applicant (individual, corporation or partnership), and each partner or shareholder holding a 20% or more interest in the company. A separate form must be completed for any co-applicant and corporation.

I (we) authorize the Town of Lisbon to contact credit reporting agencies and creditors with regard to the status of any past or outstanding debt, or such other credit information that such agencies normally hold available for credit worthiness evaluation at present or at any time in the future for the purpose of making or monitoring the loan.

Town of Lisbon will not proceed with the review of your loan request without these reports.

Legal Name: _____

Signature: _____

Date: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Social Security Number: _____ Birth Date: _____

YOU MUST INCLUDE A CHECK PAYABLE TO TOWN OF LISBON FOR \$25.00 FOR EACH PERSONAL CREDIT REPORT AND AN ADDITIONAL \$25.00 FOR THE BUSINESS CREDIT REPORT.

Please list three (3) trade references that we may contact in order to verify your business credit history (not applicable for startup business ventures):

	Trade Reference #1	Trade Reference #2	Trade Reference #3
Business Name			
Contact Person			
Telephone Number			

XII. PRESENTATION REQUIREMENTS

For loans the format will be a written narrative with the following categories encompassed within the presentation:

- Summary sheet
- Source of funds identifying all participants in the project
- Rate, terms and amounts
- Use of funds
- Breakdown of proposed use of funds (with the understanding that there may be deviation from the original use of funds as the project matures.)

History and Operations

If the company is in existence, provide a history of its formation, its purpose and operations (This will be included in a completed business plan.)

Products Market and Competition

Identify the products the company is involved with, what markets are targeted for these products, and potential competition. (This will be included in a completed business plan.)

Ownership and Management

Description of how the company is owned, its management, and a brief summary of the qualifications of the individuals mentioned. (This will be included in a completed business plan.)

Financial Analysis

The financial analysis is compiled using the financial information received and a review of the income statement. These numbers will be spread if the RLF Manager or designee feels it is beneficial to do additional analysis. The review of the income statement will identify major components, sales, cost of goods, gross sales, operating expenses, noncash items such as depreciation and profitability. Also mention will be made of any variances that would require a comment at the discretion of the RLF Manager or designee.

The level of financial review is based on three principles:

1. Historical ability to repay proposed funding
2. The level of proposed funding requested
3. The secondary (collateral) and tertiary (guarantors) sources of repayment.

The heart of review for any funding request is and should be the financial information provided. The integrity of the program funds and the benefit provided are balanced in making the decision to fund specific projects.

The decision as to what level of review will be required is at the RLF Manager's discretion. This decision is supported by the RLF Committee's approval or declination of the funding request. On project funding over \$50,000, 2-3 years of historical information will be analyzed. This financial information will be in the form of accountant prepared tax returns or accountant prepared financial statements. To improve the quality of the review, all attempts will be made to spread the financial information using standardized spreadsheets that provide common statements with ration analysis, The RLF manager or designee will provide a written discussion of the salient facts as determined by the RLF manager or designee.

Balance Sheet

Listing of the major components of the balance sheet with working capital, leveraging, and any trend analysis that may be beneficial.

Repayment Analysis

A listing of the proposed debts and annual obligations compared to net income before tax, depreciation, amortization if it exists, and interest expense. This will provide a rationale showing the amount of income available to service the debt compared to the amount of the annual debt payment.

Collateral Coverage

The Town of Lisbon underwrites all loans using discounts on collateral (sample collateral form follows this section)

- A.) Accounts receivable 90 days or less: book value is taken and discounted at sixty percent; an example would be a book value of \$100,000 discounted by forty percent gives a discounted value of \$60,000.
- B.) Inventory: book value at forty percent
- C.) Materials and equipment either documented by invoice or equipment appraisal (if it is the primary collateral source), discounted at twenty-five percent.
- D.) Real estate – land, building, and personal real estate will be appraised (if it is the primary source of collateral) discounted at twenty percent. Some programs allow the use of current tax valuation to determine the value of the collateral.

Analysis of Jobs to be Created: within 3 years of funding the operation

This category normally includes the average salary to be paid to those jobs that will be saved or created, as well as identifying any benefits that may be offered (health benefits, 401K's etc).

Strengths and Weaknesses

Depending on the project this section may include, but is not limited to:

- Job creation
- Inability/ability to repay debt
- Operating history
- Market acceptance
- Owner liability
- Projected growth
- Historical growth

Conditions

Loan conditions are driven by two major factors: risk and benefit. The primary focuses of the revolving loan program at the Town of Lisbon are economic growth and job creation. In the course of administering the loan programs the RLF Manager, RLF Committee and the Town Council must keep in mind these two factors. While the overall intent of the program is to maintain the viability of the program, certain risks are taken when the benefit of the project is demonstrated by job creation and public benefit. Always in the background of any lending decision is the integrity of the program funds and the external requirements as established by the fund.

All conditions placed on project funding are done so to minimize the risk of loss within the parameters of the potential benefit provided. These conditions may include the following:

- Collateral coverage covenants
- Personal or Corporate guarantees
- Assignment of life insurance
- Inter-creditor agreements between participating lenders
- Call provisions
- Review level annual financial statements
- Assignment of lease

Once again the conditions placed on specific projects are done so at the discretion of the Lisbon Town Council with recommendations from the RLF Manager and the RLF Committee with the integrity of the program balanced with the benefit provided by the project.

Recommendation

The RLF Manager will record the recommendation of the RLF Committee based on the analysis, meetings with the principals, and meetings with the participating lenders.

XIII. RLF COMMITTEE COMMUNICATION

The presentations are to be completed prior to the RLF Committee meeting. The presentation, along with the minutes from the previous meeting, an agenda, and supporting documentation and/or materials required at the discretion of the RLF Manager will be mailed to all RLF Committee members to allow sufficient time for adequate review prior to the scheduled meeting.

XIV. RLF COLLATERAL SUMMARY SHEET

Security

Business Assets	Value	Minimum Discount	Discount Value
ACCOUNTS RECEIVABLE (90 Days of Less)	BOOK	60%=	
INVENTORY	BOOK	60%=	
MATERIAL & EQUIP.		75%=	
Subtotal			
Real Estate	Appraised		
LAND & BUILDINGS		80%=	
Other (Leasehold Int.)		%=	
Personal Assets			
Personal Residence		80%=	
Securities	Cash Value		
STOCKS			
BONDS			
Other (Life Ins. Cash Surrender Value)		Security Value=	
Total			

Lien Property

LENDOR	ASSET/PURPOSE	DEBT OR LOAN BALANCE
	TOTAL	

NOTE: Real Property serving as security will be appraised by a qualified appraiser. For all other types of property, a valuation shall be made using any recognized, standard technique for the type of property involved (including standard reference manuals), and this valuation shall be described in the loan file. ASSETS do not include cash, checking account balances, and prepaid expense/deposits. Personal Guarantees cannot be valued unless there are personal assets that will be collateralized. This summary sheet serves as an example only and is not meant to be a requirement. However, it does provide an organized means of compiling financial data that substantially reduces the turn around time.

XV. APPROVAL/DECLINATION

The following details the Approval/Declination Policy.

The RLF Manager or designee will complete an initial review of the application. This review will include project, financial, and programmatic requirements of the specific funding programs. If the project does not meet with satisfactory review based on these criteria it can be declined at staff level. A summary of the project in written or narrative form will be presented to the RLF Committee with an explanation for the declination.

If upon review the project meets the above criteria, a presentation will be made to the full RLF Committee for a determination to fund. If the project is declined by the RLF Committee or does not meet underwriting criteria in the initial review, the following process will be initiated:

The RLF Manager will contact the applicant within five working days to communicate the decision that has been reached. This will be followed by a written communication, no later than 30 days that will provide the reasons for the declination. If the applicant requests additional consideration after the initial declination, the RLF Manager will present in narrative format the substantive changes that warrant additional consideration. If the RLF Committee agrees that additional consideration be undertaken, a revised presentation will be made to the full RLF Committee at the next scheduled meeting.

XVI. COMMITMENT LETTER AND LOAN AGREEMENT

Once approved, the RLF Manager will draft a Commitment Letter with terms and conditions as stated in the presentation along with any additional conditions rendered by the Town Council. The following pages are an example of a standardized Commitment Letter and Loan Agreement. All external agreement clauses are located in this sample letter. This is designed to serve as a template and may be modified as necessary for each project.

A significant portion of the Commitment Letter and Loan Agreement has been drafted by legal counsel to be used for all RLF programs.

Executing the Commitment Letter and Loan Agreement

Signing of the Commitment Letter on behalf of the Town of Lisbon is reserved to the Town Manager. Once all parties have executed the Commitment Letter a closing process will ensue.

XVII. PAST DUE POLICY

The RLF Loan Program past due policy is as follows:

Loan payment histories are printed each Monday to alert the RLF Manager of any borrowers with past due payments. Payment reminders are mailed to those who are 30 days in arrears. A Past Due Notice is mailed to those 60 days in arrears. Unless there is open communication between the RLF Manager and the borrower, a Final Notice before Legal Action is mailed via certified mail/return receipt.

The RLF Manager will report to the RLF Committee of any chronically past due loans, communication with the borrower, and if any further action will be taken.

XVIII. CLOSING PROCESS

For loans exceeding \$50,000, a closing agenda (following page) and Commitment Letter are to be forwarded to an attorney to perform preparation of documents and schedule closings. The attorney is responsible for all documents required in the closing agenda, which are to be fully executed and provided prior to disbursement of funds. Loan proceeds are then disbursed creating a legally binding obligation with payments as identified in the Note to the borrower. The closing attorney is responsible for filing all necessary documents with the appropriate agencies. Once documents have been filed, they are returned to the Town of Lisbon to be made part of the closing binder.

For loans under \$50,000 the town may choose to do either the above process or the following: a closing agenda is to be prepared detailing the items to be provided by the Town of Lisbon and those necessary from the borrower prior to closing the loan. The Town of Lisbon assumes all responsibility for securing all required documentation prior to disbursement of funds. Loan proceeds will be disbursed at the time of closing, creating a legally binding obligation with payments due and payable as identified in the Note to the borrower. The Town of Lisbon is responsible for filing all necessary documents with the appropriate agencies. Once documents have been filed they are to become part of the closing binder.

Closing binders are kept on file along with the servicing folder with the RLF Manager. Original copies of the Commitment Letter, Note, Mortgages (if required), Security Agreement, and Guarantees are to be kept in a locking fireproof cabinet in the Town of Lisbon office.

Authorization to sign documents

While not reserved solely for the RLF Manger, the RLF Manager is authorized to sign closing and portfolio maintenance documents for the Town of Lisbon.

Signing of documents:

Document	Town Manager	RLF Manager	Either
Commitment Letter	X		
Certification of Assurances			X
Note	X		
Security Agreement			X
Mortgages (given as security)	X		
Environmental Review	X		
UCC Filing			X
Certification Regarding Debarment Suspension			X
Subordination Agreement			X
Allonge			X
Verification of Account Balance			X
Termination/Partial Release of UCC			X
Mortgage Discharge			X
Guarantees			X
Inter-creditor Agreement			X

XIX. CLOSING AGENDA

TOWN OF LISBON

Revolving Loan Fund Program

LENDER: Town of Lisbon

BORROWER(S):

DATE:

Item

1. Resolution of Town of Lisbon Council authorizing Borrower to borrow on behalf of the Company (Please bring to closing.)
2. Loan Agreement (Town of Lisbon will prepare.)
3. Promissory Note (Town of Lisbon will prepare.)
4. Mortgage on business real estate located at _____, Maine (Town of Lisbon will prepare.)
5. Title Opinion on above referenced property (Town of Lisbon has in file.)
6. Copy of most recent appraisal on above referenced property (Town of Lisbon has in file.)
7. Security Agreement (Town of Lisbon will prepare.)
8. Financial Statements, Secretary of State and Androscoggin County (Town of Lisbon will prepare.)
9. Inter-Creditors Agreement (Between Town of Lisbon and the Bank, Town of Lisbon will prepare.)
10. Personal Guaranty of _____. (Town of Lisbon will prepare.)
11. Life Insurance Policy in the amount of \$_____ on _____
(Please bring to closing.)
12. Evidence of liability and workers compensation insurance (Please bring to closing.)
13. Evidence of fire, hazard and extended coverage insurance naming Lender as mortgagee and loss payee on all property given as security (Please bring to closing.)
14. Evidence of flood insurance or statement of non-applicability (Please bring to closing.)
15. Copies of _____ Bank's commitment letter and closing documents. (Please send copies as soon as they are available.)
16. Notice of Claim to Senior Lenders (Town of Lisbon will prepare.)
17. Certifications and Assurances (Town of Lisbon will prepare.)
18. Environmental Review (Town of Lisbon will conduct a review with Borrower if applicable.)
19. Opinion of Borrower's Counsel as to:
 - a. Existence of Borrower
 - b. Validity and enforce-ability of loan documents
 - c. Borrower's compliance with applicable laws, regulations and permits (Please bring to closing.)
20. Close open-ended mortgages (Town of Lisbon will do.)
21. Certification Regarding Debarment, Suspension, (Please sign and bring to closing.)
22. Certification that funds were not otherwise available (Please bring to closing.)

XX. DOCUMENTATION REQUIREMENTS/ANNUAL SERVICING

Once a loan is closed and funds have been disbursed, an account is established within the Town of Lisbon accounting system. The RLF Manager along with necessary staff has access to this system for loan file servicing and maintenance procedures. A copy of information kept on file for each loan is outlined at the bottom of the page. Information is to be kept current pertaining to the receipt of tax returns, personal financial statements, insurance expirations, employment verifications and any other information requested. Copies of each loan profile are kept in a folder with the RLF Manager for monthly review.

A summary of the composition of the servicing file has been reviewed and accepted by the RLF Committee. The RLF Manager will make every attempt to visit all loan clients, not less than every two years. This project site visit will include an overall observation of the operation, any potential environmental concerns, observation of work safety and general conversations with management as to the success of the project and continued profitability of the organization.

Each borrower must submit their required annual paperwork within 90 days of the close of the borrower's fiscal year. Also required annually, The Town of Lisbon has requested an update on verification of employment status for all employees. This is to certify that job creation requirements have been met. In the event the insurance verification and the employment verification, and current financial information is not received, the Town of Lisbon has the right to institute a 5% monthly default rate on payments received until such required documentation is in the servicing file. This penalty is instituted as leverage to improve the success of receiving these documents in a timely fashion and has been made part of the Commitment Letter.

File Information:

- Section 1
 - General and Legal Correspondence
- Section 2
 - File Maintenance
 - Hazard Insurance
 - Assignment of Life Insurance
 - Amortization Schedule
- Section 3
 - Appraisals
 - UCC-11
 - Title Search
 - Environmental Review
- Section 4
 - Rural Development/EDA/FAME correspondence
 - Authorizations & Assignments
- Section 5
 - Financial Statements
 - Personal Financial Statements
 - Business Plan
 - Loan Application
 - Bank Commitment Letter
 - Notes to Underwriting
 - Credit Report
- Section 6
 - Subordination Agreements
 - Loan Proposal
 - Commitment Letter
 - Closing Documents
 - Corporation Standing/Authority
 - Lease (Assignments)

Adopted by Town Council on June 17, 2008