



Region 10 League for Economic Assistance & Planning

General Loan Information & Guidelines

The Business Loan Fund (BLF) of Region 10 League for Economic Assistance and Planning, Inc., (Region 10) is a non-profit loan fund founded in 1984 to assist small businesses. We provide Business loans and management assistance for low-to-moderate income entrepreneurs, job creation/retention and other eligible businesses purposes.

ELIGIBILITY:

Region 10 BLF loans can be made to businesses located in Delta, Gunnison, Hinsdale, Montrose, Ouray or San Miguel counties.

Eligible Entities:

- Sole Proprietorships
- Partnerships
- Corporations
- Limited Liability Companies
- Non-Profits

Accepted Use of Funds:

- Working Capital
- Equipment
- Inventory
- Other supportable expenditures

Loans are not available for:

- Personal use
- Gambling
- Real Estate Development
- Any speculative purpose

LOAN TERMS:

- Preferred loan amounts are from \$5,000 to \$250,000.
 - Loans normally amortized up to 5 years (some exceptions are available)
 - Interest rates typically range from Wall Street Journal Prime Rate to 12% per year.
- Other fees may apply upon loan approval.
- Business owner(s) must personally guarantee all loans.

1 to 1 collateral minimum, owner equity/contribution, a secondary source of repayment and personal guarantees are required with any loan.

Equal Treatment of Applicants/Clients

Region 10 does not discriminate on the basis of race, color, religion, gender, marital status, disability, age, national origin or sexual orientation in services or accommodations offered.

Business Loan Fund (BLF) Director
Region 10 League for Economic Assistance and Planning, Inc.
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Please be sure to provide all of the information requested in this application to Region 10. Any information not provided will delay the processing of your application and approval/renegotiation of your loan.

ALL APPLICANTS/GUARANTORS should provide the following:

BUSINESS INFORMATION:

- Name(s) of all Business Entity(s) (including all affiliates). Which entity(s) will repay debt and own collateral?
- Type of Legal Entity (C Corporation, S Corporation, Limited Liability Company, General Partnership, Limited Partnership, Sole Proprietorship, etc.).
- Documentation of Legal Entity (Articles of Incorporation, Corporate Bylaws, Partnership Agreements, LLC Operating Agreements). Be sure documentation shows Authority to Borrow.
- Ownership of Business (Name of business owner(s) and percentage of ownership).
- Last three years (year-end) and interim (within 90 days or less) balance sheets, income and cash flow statements including at a minimum:
 - Officer compensation, Owners Draws, COGS, Amortization/Depreciation, Federal and State Income Taxes, Interest Expense, Rent, Management Fees, Income Not Generated by Primary Business Activity, Miscellaneous
- Income/Expense, Extraordinary Items As separate line items.
 - Reconciliation of Capital with explanations, as necessary.
 - Aging of accounts receivables and accounts payable.
- Business & Personal Tax Returns for the last three years with all supporting schedules.
- Using at least the last two years business tax returns and interim statements as a basis, prepare balance sheets, income, and cash flow statement projections for at least the next three years.
 - First year on a monthly basis, annually thereafter.

Explain any significant changes in income and expenses from historical numbers. Explain assumptions including those used in projecting sales on a separate sheet, if necessary. (You may use your own forms for the information requested as long as the basic format is followed. If possible, we suggest completing these forms on a computer spreadsheet to save time and avoid calculation errors).

List collateral offered to secure the loan, such as real estate, vehicles, equipment, inventory, etc. Show the collateral to be purchased with our loan separately. Include the date and owner/vendor it will be purchased from and a copy of its quote/invoice. Real Estate should include the most recent appraisal(s) and property tax information. Each piece of collateral with a value of more than \$500 should be listed. Equipment/vehicle lists should include manufacturer, model / serial number, cost and year acquired.

PROJECT INFORMATION:

- Business Plan (See Tools – Application Tab for Outline).

OWNER(S) / GUARANTOR(S) INFORMATION:

- Personal financial statement(s) for each loan applicant(s)/guarantor(s). Please photocopy and provide a separate form for each applicant unless assets and liabilities are held jointly, as may be the case for married couples.
- Complete personal tax returns for the last two years for each owner and/or guarantor. Please include all supporting schedules, including K-1's and W-2s.

A business plan is an essential ingredient for starting and operating a successful business. In reviewing a loan request, it helps the lender understand how the business operates, generates profits and cash flow to repay debt.

Determining business viability is a critical factor in deciding whether a loan request can be approved. Although additional information may be requested, at a minimum, the business plan should include the following elements: (Please keep your business plan as brief as possible while providing the lender adequate information to evaluate your request).

BUSINESS SUMMARY:

- Capture the strengths and weaknesses of your business. Include any niches it holds in the area and the industry.

BUSINESS DESCRIPTION:

- Provide a brief history of your business and how your current employees and business assets are utilized.
- Describe the goods or services offered by your business.

PROJECT DESCRIPTION:

- Location of project.
- Description of project. Discuss business expansion/contraction plans, reasons and expected results.
- Show number of actual and FTE employees by work centers. Estimate number of FTE employees created/retained by project/financing. Estimate number of low-to-moderate income (LMI) employees currently employed and created/retained.
- Show Sources and Uses of Project Funds. List Uses of Funds by land/building acquisitions, rehabilitation construction/machinery & equipment, inventory, refinance of debt, working capital, and other (including intangibles) List Sources of Funds by new equity from owners, bank/seller/outside loans, Region 10 loan(s), grants, etc.

MANAGEMENT:

- Identify the key principals in the business, including relevant background experience.
- Provide short resumes for owners and key personnel, including managers responsible for the finance, marketing and production/operational/distribution functions.

MARKETING INFORMATION:

- Describe and quantify the target market for your goods and services.
- Identify and describe your competition and their strengths and weaknesses.
- Identify and describe the company’s “competitive advantage”- characteristics which make it better than or different than your competition in your market.
- Identify any new products, services, or tactics you plan for your business.
- If there will be changes in advertising expenses, include a budget showing the change and its expected impact on sales/expenses.

CONTINGENCY PLANS:

- Identify areas of risk to the successful long-term operation of the business and describe your plans to mitigate each area of risk. Also explain how debt would be repaid in the event of business failure.

RESOURCES AVAILABLE TO HELP IN COMPLETING A BUSINESS PLAN:

West Central Colorado Small Business Development Center (SBDC)
Providing consulting/business planning series at minimal or no cost.
Nancy Murphy | nancy@region10.net | 970•765•3130