

**LOAN APPLICATION PACKAGE
FOR
COUNTY OF EL PASO'S
REVOLVING LOAN FUND
(TX CAPITAL FUND)**



**Please mail or forward applications to:
Revolving Loan Fund Administrator
El Paso County
Family and Community Services Department
800 E. Overland, Suite 208
El Paso, TX 79901
For Information, please call: (915) 834-8246**

El Paso County Revolving Loan Fund Plan

Objective:

The El Paso County Revolving Loan Fund (RLF) is a public sector financing tool designed to stimulate economic growth in the rural areas of El Paso County. The fund provides capital for private projects, which would not be possible without such assistance. The County created the RLF from program income via grants from the State of Texas originating in the U.S. Department of Housing and Urban Development.

The program complements the efforts of private financial lenders. The RLF goal is to create jobs and support capital formation in the private sector. The RLF fills gaps in the local financial market and provides or attracts capital which otherwise would not be available for economic development.

In accordance with national objectives, RLF funds support the creation of new permanent jobs or permanently retaining existing jobs primarily for low and moderate-income persons. In order to comply with the national objective, persons who have a family income of less than 80% of the county median income must fill at least 51% of the permanent jobs created or retained by each business assisted with the RLF.

LOAN PROGRAM

Program Guidelines: To receive consideration, applicants must accept the following program guidelines:

- 1) Create one full-time equivalent job (37.5 hours per week) for each \$35,000 borrowed from the El Paso County RLF. The jobs should target low-income persons who fall below the HUD Section 8 Income Limits for El Paso County. The business has one year from the date of loan closing to fill the new job(s). Businesses retaining jobs as part of a proposal must provide documentation that it will permanently lay off employees or the business will close down or relocate out of state if RLF monies are not available.
- 2) RLF funds fill a gap in available financing for a project. RLF funds cannot replace funds a financial institution is willing to loan a business. RLF funds fill the gap between what a bank loans and the amount the project can supply, such as the owners' equity injection. The RLF can consider loans up to \$50,000 to a business denied a loan fund from conventional sources. The applicant must provide a signed letter from the financial institution that states the reason(s) it is unwilling to lend funds for the project or why it can only lend a certain amount.
- 3) The business must be located within El Paso County but outside the El Paso City limits. The RLF will not lend to businesses relocating from one area of Texas to El Paso County unless the relocating business provides documentation that its other alternative is to leave the State of Texas. An intrastate relocation project is acceptable if there is no objection by the local government where the business is presently located.

Eligible Use of Funds:

- to purchase machinery and equipment;
- for business working capital;

Loan Terms:

Interest rates are fixed rate for the life of the loan and may not exceed the prime rate plus 2%. Repayment is on a monthly installment basis. The term of the loan is negotiable, but may not exceed 10 years.

Loan Security/collateral:

The borrower must secure the loan with some collateral to assure repayment. Collateral can include personal injection, equipment, or property.

Loan Amount:

The minimum loan amount is \$10,000. The maximum loan amount is \$50,000.

Application Process:

- 1) The owner of a new or existing business must complete and present all of the required forms (loan application package) included in this document.
- 2) The applicant submits the application to a Loan Administrator for review. The Loan Administrator will contact the applicant for missing or additional information.
- 3) After review, the Loan Administrator submits the application to the RLF Board of Directors for a funding recommendation. The RLF Board of Directors will use the Review Criteria established and included as part of this document. The Loan Administrator forward applications recommended for funding to El Paso County Commissioners Court for acceptance.

Changes and Amendments: Subject to approval by the Office of Community Rural Affairs (ORCA) the Commissioners Court of El Paso County may amend or modify this plan.

LOAN REVIEW CRITERIA

The RLF Board of Directors evaluates each loan application to determine the credit worthiness of borrowers, the anticipated benefits to El Paso County residents and compliance with federal, state and local laws, regulations and policies. The evaluation criteria include the following:

Project Feasibility:

1. Is there a realistic business plan?
2. Is the project economically viable?
3. Based on realistic market projections, will cash flow be sufficient to repay the loan?
4. Does the applicant have sufficient experience in the field?
5. Is collateral sufficient to support the loan?
6. In the event of default, how difficult will the foreclosure process be?
7. Have all owners and principals provided necessary information evidencing support of the loan?
8. Do the credit reports of the business and owners indicate a history of prompt payment?

Community Benefits:

1. Will the business hire low and moderate-income persons who are current residents of the area?
When will the employer hire the employees and at what wages?
2. Are there environmental issues or concerns?
3. Will the project negatively affect historical and/or cultural resources?
4. Will the project add diversity and stability to the local economy?
5. Is the product or service similar to the product or service of an existing business?
6. Will the loan provide the business with an unfair advantage over existing competition?
7. Will this business provide positive "spin-off" benefits to existing business?
8. What are the benefits and disadvantages to El Paso County if the business is established or expanded?
9. Are there any known downsides to El Paso County if the business is established or expanded?

Program Guidelines

1. Will the business be located outside of the city limits and within the County of El Paso?
2. Do the jobs created and/or retained meet program guidelines?
3. Will the project necessitate the relocation of individuals or businesses?
4. Have all owners or principals provided assurance of compliance with all laws and regulations?
5. Does the project meet appropriate environmental review criteria?

El Paso County RLF Application Check List

Please provide one original application and one copy of all supplemental materials in the order listed below to :

Revolving Loan Fund Administrator
El Paso County
800 E. Overland, Ste. 208 El Paso, Texas 79901
For Information Call: 915-834-8246
Fax: 915-546-8140 Email: igvalenzuela@epcounty.com

All exhibits should be **current, and presented in the order provided**. If a required exhibit is not applicable to your business, place a sheet of paper at the appropriate letter and state this exhibit is not applicable.

All applicants must provide the following documents in order to be considered for a loan through the County's Revolving Loan Fund:

- ___ **Exhibit 1:** Completed and signed Loan Application.
- ___ **Exhibit 2:** Business Plan - Provide a brief history of your company and include a detailed project description of the intended use of RLF monies. The Business Plan should be no more than 10 single-spaced typed pages.
- ___ **Exhibit 3:** DBA or Assumed Name Certificate from the County of El Paso.
- ___ **Exhibit 4:** Job Hiring Statement.
- ___ **Exhibit 5:** Resume of Principal Owner's - Attach resumes which provide a brief description of the education, technical, and business background for all stockholders, partners, or owner(s) of 20% or more of the company.
- ___ **Exhibit 6:** Source and Use of Funds - Complete the Source and Use of Funds for the proposed project.
- ___ **Exhibit 7:** Borrower includes a complete list of Machinery and Equipment for purchase with RLF monies.
- ___ **Exhibit 8:** Summary of Collateral - Complete the Summary of Collateral form.
- ___ **Exhibit 9:** Identification - A copy of owner's social security card and current picture identification is required.
- ___ **Exhibit 10:** Banking Information for automatic draft.

— **Exhibit 11:** Letter of Compliance. Submit a letter on owner stationery stating that the business will comply with all applicable rules, regulations, requirements, and assurances as stated in the original Revolving Loan Package and any changes or amendments approved by the El Paso County Commissioners Court.

The following financial information must be provided by all businesses that have been in existence for a period of 0-3 years (Start Up):

— **Exhibit 12:** Personal Financial History - Provide a personal income statement for all principals owning a 20% or more share of the company. This statement should cover the prior three years and the most recent 90-day period.

— **Exhibit 13:** Annual Cash Flow and Cash Flow Projections. Provide monthly cash flow projections for one year.

— **Exhibit 14:** Individual Tax Returns - All owners must provide the most recent Individual Tax Returns.

— **Exhibit 15:** Current Credit Report - All owners must provide a current credit report (within 30 days) including FICO Score.

The following financial information must be provided by all businesses that have been in existence for a period of over 3 years (Existing):

— **Exhibit 12:** Balance Sheets. For existing business include a comparative balance sheet which includes financial data for the past two years. Also, include a pro forma balance sheet, which includes loans identified in the application.

— **Exhibit 13:** Profit and Loss Statements. Provide a comparative profit and loss statement that includes a financial data for the past two years. In addition, include a two year projected statement.

— **Exhibit 14:** Individual Tax Returns. All owners must provide the most recent Individual Tax Returns.

— **Exhibit 15:** Company Tax Returns. Owner must provide most recent Company Tax returns.

— **Exhibit 16:** Current Credit Report. All owners must provide a current credit report (within 30 days) including FICO Score.

Supplemental Information

Note: This information is not needed for every loan application, but must be provided when requested.

- **Exhibit A:** Letter of Commitment. For loans with a participating bank, a commitment letter from a financial institution must be included in the application package. The letter must include language that indicates that individuals or committees empowered to lend the amount stated in the commitment letter have approved the loan. The letter states that the institution will lend, subject to certain conditions; specific dollar amounts, specific term in years, specific interest rate; the use of funds (i.e., equipment or real estate purchase, working capital, etc.); specific collateral or security; monthly debt repayment, specific conditions attendant to the loan. In addition, the letter should include clarification on their reasons for denying additional funds. It should state that the financial institution's loan is contingent upon a loan in a specific amount from the El Paso County Revolving Loan Fund. NOTE: This letter is needed only for loans over \$50,000.00 with bank participation.

- **Exhibit B:** Purchase or Lease of Land/Building. Provide a copy of any applicable purchase and/or lease agreements for land and/or buildings. Include if applicable.

- **Exhibit C:** Construction Estimates. Provide a copy of any applicable construction estimates for the project. Include if applicable.



El Paso County Revolving Loan Application

Please complete the following loan application in its entirety. If an area doesn't apply to you, please indicate NA and continue with the application process. If you have any questions, please call 915-834-8246 for assistance.

Current Bank:					
Referred By:					
Proposed Collateral and Value:					
Amount: \$			Loan Purpose:		
This application will not be considered complete unless all information is provided.					
Business Legal Name (exact Title)		Tax Identification Number		Business Telephone	
Business Mailing Address		City	State	Zip Code	Number of Business Locations
Business Street Address		City	State	Zip Code	Primary Contact at Business
Home Address		City	State	Zip Code	
Business Street Address of location where loan proceeds will be used (if different from above) City State Zip Code					
Organization <input type="checkbox"/> Regular Organization <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other (Specify)					
Type of Business <input type="checkbox"/> Manufacturer <input type="checkbox"/> Service Company <input type="checkbox"/> Wholesaler/Distributor <input type="checkbox"/> Retailer <input type="checkbox"/> Other (specify: _____)				Standard Industry Code (SIC/ NAICS)	
Describe Nature of Business		How long has the current ownership been in place?		Number of Employees?	Business Premise Lease Expiration Date:
Number of jobs to be created or retained?			Referred by:		Phone:
Annual Sales					
Business Name	Type of Account	Current Balance	Average Balance	Date Opened	
Outstanding Business Financial Obligations (include all term loans, credit lines, mortgages, and leases –attach additional sheets if necessary):					
To Whom Payable?	Line of Loan	Original Amount	Total Balance Due	Monthly Payment	Collateral Pledged

Loan Application (page 2 of 2)

PLEASE ANSWER THE FOLLOWING QUESTIONS
 (Please attach a separate sheet to explain all questions in which you answered "yes".)

1.	Is the business involved in any litigation or other legal claims or procedures?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Has the business ever been through bankruptcy or settled any debts for less than the amount owed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	Does the business owe any past due taxes?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4.	Are any assets, shown on business financial statements, pledged or assigned?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	What credit terms do you grant?		
6.	Please indicate percentage of sales on cash or credit card basis?	<input type="text"/> %	
7.	Is the business contingently liable as an endorser or guarantor? Include leases, eg, vehicle, equipment, or premises	<input type="checkbox"/> Yes	<input type="checkbox"/> No
8.	Are you a US Citizen? If not, please provide alien registration number: _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No
9.	Are you presently under indictment, on parole, or on probation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
10.	Have you ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation? Include offenses which have been dismissed, discharged, or nolle prosequi (all arrests must be disclosed and explained on an attached sheet).	<input type="checkbox"/> Yes	<input type="checkbox"/> No
11.	Have you ever been convicted, placed on pretrial diversion, or placed on any form of probation, including adjudication withheld pending probation for any criminal offense other than a minor vehicle violation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

SIGNATURES

The information I/we have provided on this application is, to the best of my/our knowledge complete and correct. You (the program bank and the El Paso County Revolving Loan Fund) may verify this information and obtain additional information, including, but not limited to requesting a consumer credit report, as necessary for credit review. I/we will pay any filing, lien search, appraisal, or other fees that may be incurred by you pertaining to this loan. All information provided to the Bank will be retained by the Bank. Additional information may be required. This application is for businesses in the United States authorized to do business in the state of Texas. **All proprietors, partners, and stockholders must sign below:**

Authorized Signature of Owner **Date**

Print Name **% of Ownership** **Social Security #**

Exhibit 2

Business Plan Outline

(Note: Each heading below should comprise a page heading.)

COVER PAGE:

Be sure to include the names of all owners, home address(es), home phone number(s) and % of ownership.

OVERVIEW:

This should be your “purpose statement”, which states what your business does. Everything in your plan will make sense if you focus on this purpose. Be specific and try to keep the length of the statement brief. Helpful hint: When describing the purpose of your business, make sure that the reader will understand what you do, even if they are unfamiliar with your type of business.

DESCRIPTION OF BUSINESS:

How is your business structured? S-Corp, LLP/LLC, Sole Proprietor, Corporation, Partnership. What is your business type? Retail, Wholesale, Service, or Manufacturing. Is your business a Start Up, acquisition, or are you expanding an existing business? Does your business have seasonal highs and lows in sales? If so, when are the peak sales periods, and when are the slow periods? What is the current trend in your industry? Is it one that is growing, or mature with the little potential for growth? Is your product or service sought after? What is your source of information for the above?

PRODUCT/SERVICE:

Explain what service you provide, or the type of product you sell. Be specific, and remember that the reader may not be familiar with your business, so use laymen’s terms. Detail any products or services that are priority, and those that are not in great demand. Also, what is different about the service or product you offer that would attract your potential customers?

THE MARKET:

Explain who your target customers are. What are the demographics of this market segment? Detail any market trends you have discovered in your research, how you will attract, hold and increase your market share. What is the annual market potential of this segment? How many target prospects are within your market area? How much do they spend on average per year on your product/service? Provide the source of your information. Your pricing strategy is going to be key. Is your business ... **price, quality** or **service** driven. Indicate that.

THE COMPETITION:

Who are your competitors? Explain why you have determined them to be a competitor. What are their strengths, and weaknesses? What is their market opportunity? How much of the market share they own. Detail how you compare to the competition, both your advantage and disadvantage.

THE LOCATION OF THE BUSINESS:

Explain why you have chosen the location of your business, the type of space you have. Make particular note of any demographic or other market shifts going on, either good or bad. Will you rent or own your space? What is the size of the space your business will occupy? Will you have room for future growth? What is the term of your lease, and will you have options to renew it? How much will your monthly rent be, and is there an escalation clause that will make it difficult to meet the increased cost?

MANAGEMENT:

Describe your and the management teams’ background/business experience and how it is relevant to your business. Discuss the strengths and weaknesses of each one, and how gaps in experience or ability will be addressed. Make sure all duties are described and clearly defined and include any additional resources or “advisors” that may be available to your business. Attach a professional resume for all.

PERSONNEL:

Address your current staffing levels, explain additional staff-level and skill needs, future hiring plans and what the labor pool is like in your industry. This may create certain risks be aware of them, address these and explain your back-up plan. How will you train your employees, what benefits will you offer and contingency plan do you have if you lose your most key employee(s)?

SALES AND MARKETING

Present a clear and concise picture of how you will market your product/service and how this will eventually lead to profits. Why did you choose this type of marketing? Is this the industry norm, and how do you know? All of this will be used as the rationales used in any projections you make and lead to your marketing plan.

USE & EFFECT OF FINANCING:

If your business is a start-up provide detailed costs to start the business, how much will you provide towards those costs and how much you need to borrow. To do this, complete the attached Start-Up Analysis worksheet. After completing the Start-Up Cost Analysis, enter the total cost here:

Start Up Cost: \$ _____
 Capital Available from your liquid assets
 (subtract from start up costs) \$ _____
 Deficit Capital:..... \$ _____

After this is complete, you must project how much it will cost you to run your business for at least the first three years (12 months at time), on a month by month basis. This is critical, since your sales levels may fluctuate from month to month, as will your expenses. Use the attached Cash Flow Projection Worksheet. **If your business is already in operation**, explain why you need the money, how the loan will make your business more profitable, or what positive outcome will result from the financing. Use the Cash Flow Projection Worksheet to project the increased expense of the financing, and the increased net income as a result.

Start-Up Cost Analysis

Advertising	\$ _____	Promotion for opening business
Beginning Inventory	\$ _____	The cost of inventory to open business
Building construction	\$ _____	Use actual contractor estimates
Cash	\$ _____	Requirements for cash register
Decorating	\$ _____	Use average of estimates received
Deposits	\$ _____	Verify with all utility & phone companies
Fixtures & Equipment	\$ _____	Provide actual cost
Installing fixtures & equipment	\$ _____	Use actual bids
Insurance	\$ _____	Verify with your insurance agent
Leasehold improvements	\$ _____	The amount per contractor bid
Lease payment	\$ _____	Include less deposit
Licenses and permits	\$ _____	Check with city and state offices
Miscellaneous	\$ _____	All other
Professional fees	\$ _____	Include CPA, Attorney, Engineers
Rent, equipment	\$ _____	Amount to be paid before opening
Services	\$ _____	Cleaning, accounting, etc.
Signs	\$ _____	The amount per contractor bid
Supplies	\$ _____	Office, cleaning, etc., supplies
Unanticipated expenses	\$ _____	Amount for unexpected costs (10% of total)
Business Acquisition	\$ _____	Total purchase price of the business
Other	\$ _____	

Total Set-Up \$ Needed	\$ _____	Use for the "Use & Effect of Financing"
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Exhibit 4

Job Hiring Statement

Borrower	Owner/Principal		
Address	City	State	Zip
Telephone	Email Address		

_____ in consideration of a EPC RLF Loan of \$ _____ attests that it will create and maintain _____ full-time (minimum 37.5 hours per week) equivalency jobs for the duration of the Loan Agreement. The position(s) (minimum of one job per \$35,000 of RLF) are to be filled by individuals who, at the time of employment fall below the HUD Section 8 Income Limits for El Paso County. The Section 8 Income Limits are shown below.

_____ shall give preference to participants in the Upper Rio Grande Private Industry Council Service Delivery Area Job Training Partnership Act (JTP A) program.

HUD Section 8 Income Limits
Program Year 2006

<u>FAMILY SIZE</u>	<u>INCOME</u>	<u>FAMILY SIZE</u>	<u>INCOME</u>
1	\$15,100	5	\$23,250
2	\$17,250	6	\$25,000
3	\$19,400	7	\$26,700
4	\$21,550	8	\$28,450

In the space provided below, indicate the expected date of hire and hourly wage rate per employee. (IF NECESSARY, ATTACH ADDITIONAL SHEETS.)

POSITION	HIRE DATE	RATE OF PAY
_____	_____	_____
_____	_____	_____

Sample Resume

Objective	[Click here and type objective]		
Experience	1990–1994	Arbor Shoe	Southridge, SC
	National Sales Manager		
	<ul style="list-style-type: none">▪ Increased sales from \$50 million to \$100 million.▪ Doubled sales per representative from \$5 million to \$10 million.▪ Suggested new products that increased earnings by 23%.		
	1985–1990	Ferguson and Bardell	Southridge, SC
District Sales Manager			
<ul style="list-style-type: none">▪ Increased regional sales from \$25 million to \$350 million.▪ Managed 250 sales representatives in 10 Western states.▪ Implemented training course for new recruits — speeding profitability.			
1980–1984	Duffy Vineyards	Southridge, SC	
	Senior Sales Representative		
	<ul style="list-style-type: none">▪ Expanded sales team from 50 to 100 representatives.▪ Tripled division revenues for each sales associate.▪ Expanded sales to include mass market accounts.		
1975–1980	LitWare, Inc.	Southridge, SC	
	Sales Representative		
	<ul style="list-style-type: none">▪ Expanded territorial sales by 400%.▪ Received company’s highest sales award four years in a row.▪ Developed Excellence In Sales training course.		
Education	1971–1975	Southridge State University	Southridge, SC
	<ul style="list-style-type: none">▪ B.A., Business Administration and Computer Science.▪ Graduated Summa Cum Laude.		
Interests	SR Board of Directors, running, gardening, carpentry, computers.		
Tips	Select the text you would like to replace, and type your information.		

Exhibit 6

Use Of Funds By Source

Borrower	Owner/Principal		
Address	City	State	Zip
Telephone	Email Address		

	Bank+	Owner + Equity	RLF +	Other	Total
Rate %			6%		
Term (Years)					
Land					
Building					
Machinery/Equipment					
Inventory					
Other (please list)					
Other (please list)					
Other (please list)					
TOTAL					

Summary of Collateral

Borrower	Owner/Principal		
Address	City	State	Zip
Telephone	Email Address		

Section I – Real Estate:

List of Parcels of Real Estate					
Address	Year Acquired	Original Cost	Market Value	Amount of Lien	Name of Lienholder

Section II – Personal Property:

All items with an original value greater than \$5,000 listed herein must show manufacturer or make, model, year, and serial number. Items with no serial number must be clearly identified (use additional sheet if more space is required):

Description- Show manufacturer, model, serial number	Year Acquired	Original Cost	Market Value	Current Lien Balance	Name of Lienholder

Business Logo

**Borrower Name
Owner/Principal
Address
City, State Zip
Telephone**

RE: Letter of Compliance

Date

To Whom It May Concern:

I, _____, owner of _____ will comply with all applicable rules, regulations, and assurances as stated in the County of El Paso's Revolving Loan Fund package and any changes and amendments as approved by the El Paso County Judge and Commissioner's Court.

Sincerely,

Signature of Owner

Date