

Village of Sutherland Economic Development Program Loan Eligibility/Terms/Requirements/Guidelines

Eligible Businesses

Any corporation, partnership, limited liability company, or sole proprietorship without regard to its principal source of income, shall be a qualifying business under the Village of Sutherland Economic Development Program. A qualifying business need not be located within the territorial boundaries of the Village of Sutherland if the Village Board determines that there is a clear economic benefit to the Village. Eligible qualifying businesses may apply more than once and receive program benefits more than once.

A qualifying business is defined as a business which derives its principal source of income from any of the following:

- Manufacturing;
- Research and Development;
- Processing, Storage, Transport, or the Sale of Goods or Commodities in Interstate Commerce;
- Sale of Services in Interstate Commerce;
- Headquarters facilities related to a Qualifying Business;
- Telecommunications including services providing advanced telecommunications capability;
- Tourism-related Activities;
- Retail;
- Production of Films;
- Construction or Rehabilitation of Housing;
- Early childhood care and education programs.

Eligible Uses of Funds

Sutherland's Economic Program shall provide funds that may be used to fund any project or program by providing direct or indirect financial assistance to "qualifying businesses" for "eligible activities" as allowed by the "Act". These include, but are not limited to:

1. Direct loans or grants for fixed assets or working capital or both;
2. loan guarantees;
3. Grants for public works improvements which are essential to the location or expansion of, or the provision of new services by, a qualifying business;
4. Grants or loans for job training;
5. The purchase of real estate, options for such purchases, and the renewal or extension of such options.
6. Payments for salaries and support of Village staff to implement the economic development program or the contracting of such to an outside entity;
7. Grants or loans for the construction or rehabilitation for sale or lease of housing for persons of low to moderate income.
8. Business development including expansion of existing businesses.

9. Recruitment to bring a qualifying business into the area.
10. Public Works improvements essential to the location and expansion of qualifying businesses and Housing Projects.
11. A revolving loan fund from which low interest or performance based loans are based upon job creation and/or retention, said jobs to be above the average wage rate for the community.
12. Job creation incentives.
13. Technical assistance such as marketing, management consultation, business plan preparation, engineering assistance, etc.

Examples of how businesses might use the funds provided by the Sutherland Economic Development Program include, but are not limited to:

1. The purchase or lease of real estate
2. New construction or remodel
3. Purchase fixed assets.
4. Use as working capital.
5. Furniture/Fixtures/Equipment/Machinery
6. Inventory for Resale
7. Public works improvements essential to the location or expansion of a qualifying business.
8. Expenses for locating a qualifying business into the area or an existing business to a more suitable location.
9. Job creation
10. Technical assistance such as marketing assistance, management counseling, preparing business plans, engineering assistance, etc.
11. Job training.
12. Tourism-related activities.
13. Projects which enhance the development of downtown Sutherland.
14. Construction or rehabilitation for sale or lease of housing for persons of low or moderate income.

Application Process

- A. The qualifying business submits the application form and all required supporting documentation to the Village for assistance.
- B. Upon receipt of the application, the Program Administrator will make a preliminary determination as to whether:
 - a. The Applicant is eligible.
 - b. The proposed activities are eligible.
 - c. The Applicant has no legal actions underway that may significantly impact its capacity to pay.
 - d. The business complies with the provisions of the application guidelines.

- C. Upon a determination by the Program Administrator that the application appears to be viable, the application is referred to the Loan Review Committee or Citizens Advisory Review Committee depending on the nature of the application.
- D. If the application is submitted to the Loan Review Committee, this Committee shall then make a recommendation to the Citizens Advisory Review Committee ("CARC").
- E. Upon review of the application, including any financial information furnished and any additional negotiations conducted by the Program Administrator, the CARC shall make a recommendation that:
 - a. The application be approved.
 - b. The application be disapproved.
 - c. The Committee is not able to make a recommendation due to a lack of information or other factors. The Committee may request additional information and then make a recommendation.
- F. All recommendations of the CARC shall be submitted to the Village Board for consideration. All decisions by the Village Board will be deemed final.

Required Support Documents/Submissions

- Submit Application.
- Business Plan that includes employment and financial projections, financing requirements for the project and total projected costs.
- Two years complete Individual Federal Tax Returns, and/or complete Corporate Tax Returns or Partnership Tax Returns (signed) and K-1s for all partners if applicable.
- Current year-to-date Profit and Loss Statement.
- Recent Balance Sheet.
- Current (within the last 6 months) Credit Report.
- A Schedule of the collateral to be used as security for the loan.
- Articles of Incorporation, By-Laws, or Partnership Agreement or Articles of Organization if applicable.
- Resolution authorizing loan application and execution of required documents if applicable.

Loan recipients will provide financial statements to the CARC on an annual basis for the life of the loan.

A review of records relating to the performance based criteria outlined in the loan agreement will be subject to inspection by the CARC on an annual basis.

Guidelines for Reviewing Loans

The CARC is presented with the very challenging task of ensuring that funds loaned are protected as completely as possible. Listed below are several factors used in reviewing loan applications.

Credit Report

- Level of importance relates to size of loan and collateral offered.
- If score is low, reasons for being at that level?
- Are there late payments? When and why?
- Amount of credit card debt—is it possible to service that debt and service additional loan payments?

Business Experience

- Is there adequate experience owning and managing a similar business or business of any type (not just management for someone else)?

Business Startup or Existing

- If an existing business, is the loan for true expansion or a means to offset previous business losses?
- If existing, will the business records indicate the ability for the borrower to manage the business and service additional debt?

Financial Projections

- Is there a statement addressing projections and changes in the projections (justify and explain)?
- Are the projections realistic or compiled with good intentions and blue sky?
- Will the projections provide for servicing debt and provide the necessary return required for the borrower?

Outside Employment

- Is outside employment required for viability of the business?
- Is there outside employment and will the borrower maintains that outside employment until the business is able to stand alone?

Collateral

- Is there sufficient business collateral to protect the loan?
- If there is insufficient business collateral, is there acceptable personal collateral?
- If there is insufficient business and personal collateral, is someone other than borrower willing to pledge adequate collateral, cosign the note, or provide a personal guarantee?
- Inventory for most loans is insufficient for the majority of collateral required?
- Inventory is especially risky for startup businesses and businesses being purchased.
- Types of inventory acceptable (larger items, items with title, ID number, etc.).