

## CITY OF LOCKHART

### ECONOMIC DEVELOPMENT REVOLVING LOAN PROGRAM

The City of Lockhart in its efforts to stimulate economic growth and provide employment opportunities has developed an Economic Development Revolving Loan Program. This program is designed to provide financial assistance to existing and new businesses that wish to expand or establish their business within the City limits of Lockhart, however, applicants outside the City limits may also be considered as an exception to these limitations. Financial assistance will be provided in the form of a loan to applicants who qualify under the program's guidelines, procedures, and eligibility criteria. This program is not intended to duplicate or compete with local financial institutions, but to compliment them.

A loan review committee is created by these guidelines. This committee will review applications received by the City of Lockhart, and make recommendations to the Council. Members will be appointed and terms will be set by the City Council.

#### Program Guidelines and Procedures

The following are the program's guidelines and procedures to be used in the implementation of the Economic Development Revolving Loan Program.

#### Eligible Use of Funds

Loan funds may be used for any legal business activities, that create new permanent, full-time equivalent jobs, and fall in one or more of the following categories:

- 1) civic (non-governmental) improvements;
- 2) providing for economic growth;
- 3) stimulating trade within Lockhart.

#### Application Process

All applications will be made in person to the City of Lockhart Finance Department. Complete applications will be processed on a first come first serve basis. Conventional loan underwriting procedures will be utilized in the processing of all loan applications. The following items, if applicable, must be submitted with the loan application:

- 1) balance sheet/financial statement
- 2) profit/loss statement
- 3) cash flow statement
- 4) one & three year's projection
- 5) title report
- 6) credit report
- 7) appraisal of property
- 8) drawings/specifications
- 9) cost estimate.

The application will then be presented to the Loan Review Committee for their review and recommendation. After the Committee has completed its review, the application with committee recommendations will then be presented to the City Council for final action. The City Council shall have final authority on all decisions related to these loan applications.

#### Application and Loan Settlement Costs

The applicant will be responsible for all costs incurred in the processing of the application and for loan settlement costs. Examples of costs incurred items are: credit reports, title reports, appraisals, legal fees, recording fees, etc. Estimated settlement costs will be provided to the applicant prior to closing. A \$100.00 non-refundable processing fee must be submitted at the time application is made.

#### Loan Terms and Conditions

The terms of the loan will be as recommended by the Loan Review Committee and approved by the City Council. The interest rate will be fixed at the rate paid at the City's investment pool at the time the application is approved, or as otherwise approved by the City Council. All loans approved must be secured with adequate collateral and loan security legal documents, property recorded at the Caldwell County Clerk's office. Applicants using loan proceeds for property improvements and requiring a construction contract must sign a contractual agreement with a reputable contractor within 45 days after the loan application has been approved and all work must be completed within a reasonable amount of time.

The contract between the applicant and the contractor must be approved by the Loan Review Committee and the City Council before it is signed to assure that the contract will include all activities and conditions as proposed on the approved loan application. Terms of any loan approved shall be as follows:

- 1) Minimum loan application considered shall be for \$5,000.00;
- 2) Maximum loan considered shall be for up to 50% of the fund equity at the time application is made;
- 3) Length of payout shall be six (6) months to a maximum of thirty six (36) months;
- 4) Single payment term loans shall be for a maximum of ninety (90) days;
- 5) There is no pre-payment penalty;
- 6) Interest will accrue from first day upon actual disbursement of funds to the applicant.

### Property Improvements

Applicants must submit to the Loan Review Committee a set of drawings and specifications to include a cost estimate and contractor's bid for the proposed property improvements to be done. A proposed schedule for time of completion of improvements must also be submitted. The drawing and specifications and related information must be approved by the Loan Review Committee to assure that proposed improvements are in compliance with the City of Lockhart's Building Codes and Ordinances.

### Working Capital

The applicant must submit a detailed statement for the intended use of working capital loans. The applicant must maintain financial records of all loan proceeds and agree that such records will be made available to the Loan Review Committee or the City of Lockhart upon request.

### Disbursement of Loan Proceeds

A construction or working capital account under the name of the applicant and the City of Lockhart Finance Department will be set up for each approved loan application. The City of Lockhart will select the financial institution. Progress payments will be provided to the contractor once a request for progress payment is submitted by the contractor and has been approved by the applicant and the Loan Review Committee. All checks are to be approved by the City of Lockhart's Finance Department.

### Loan Servicing

All loan repayments will be made at the City of Lockhart Finance Department. An account for deposits of payments will be set up by the Finance Department at a financial institution selected by the City of Lockhart.

### Monitoring and Reports

The Loan Review Committee will monitor construction activity and the City of Lockhart Finance Department will monitor business operations to ensure that the loan proceeds are being used as proposed in the application. Monitoring will be done on a periodic basis. The applicant must submit Quarterly and Annual Financial Statements, copies of the IRS Tax Form 941, Federal Payroll Tax Reports, and Texas Employment Commission (TEC) Reports during the term of the loan. All such reports will be submitted to the City of Lockhart Finance Department.

## Eligibility Criteria

Persons who wish to apply for financial assistance under the City of Lockhart Economic Development Revolving Loan Program must meet all the following eligibility criteria:

- 1) Applicant must be the owner of the business property or have a lease or a lease option on the business property for the life of the note or more;
- 2) Applicant's business must be located within the City limits of Lockhart; however, exceptions may be considered;
- 3) Applicant must have adequate collateral to secure the loan;
- 4) Applicant's proposed business must create new permanent full-time equivalent jobs and meet one or more of the following criteria:
  - a) create civic (non-governmental) improvement;
  - b) provide for economic growth;
  - c) stimulate trade within Lockhart;
- 5) Applicant must agree to comply with Equal Employment Opportunity (EEO) requirements of the United States Federal Government; and
- 6) Applicant must agree to comply with the guidelines and procedures of the Loan Review Committee;
- 7) Applicant will be required to sign a statement agreeing to maintain the business in the City limits of Lockhart until the loan is paid in full.

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**CITY OF LOCKHART  
ECONOMIC DEVELOPMENT REVOLVING LOAN APPLICATION**

This application must be completed and submitted along with the following items (Items 1-4 are to be submitted in generally accepted accounting format):

1. balance sheet / financial statement (for last 2 years)
2. profit / loss statement (for last 2 years)
3. cash flow statement (for last 2 years)
4. one & three year's projection
5. title report (if it is part of the collateral or is to be purchased)
6. appraisal of property (if it is part of the collateral or is to be purchased)
7. drawings / specifications (new construction or renovations)
8. cost estimates (construction, improvements, equipment, etc.)
9. \$100 non-refundable application fee

**Section A - Loan Information**

Loan Amount Requested	\$ _____
Total amount borrowed from other sources/lenders	\$ _____
Owner Injection (Equity)	\$ _____
<b>TOTAL VALUE OF PROJECT</b>	<b>\$ _____</b>

Number of Direct Jobs to be Created \_\_\_\_\_ Full Time \_\_\_\_\_ Part Time

Purpose of Loan \_\_\_\_\_  
(How the funds will be used. Use extra pages if necessary.)

**Section B - Applicant Information**

Name of Applicant (s) \_\_\_\_\_

Applicant's Address \_\_\_\_\_

Home Phone # \_\_\_\_\_ Business Phone \_\_\_\_\_

Applicant's Drivers License # \_\_\_\_\_ Date of Birth \_\_\_\_\_

Applicant's Social Security Number \_\_\_\_\_

**Section C - Financial**

Name and Location of Business' Bank \_\_\_\_\_

Phone # \_\_\_\_\_

Business Account # (s) \_\_\_\_\_

**Section C - Business Information**

Name of Business \_\_\_\_\_

Business Address \_\_\_\_\_

Business Phone # \_\_\_\_\_

Tax ID # \_\_\_\_\_

Number of Years in Operation by Current Owner \_\_\_\_\_

Business Location: \_\_\_\_\_ Own \_\_\_\_\_ Lease

If the Location is Leased, Name and Address of Property Owner: \_\_\_\_\_

Type of Business: \_\_\_\_\_ Sole Proprietorship, \_\_\_\_\_ Partnership, \_\_\_\_\_ Texas Corporation,  
\_\_\_\_\_ Other, Explain: \_\_\_\_\_

Are there any Judgements against this business: \_\_\_\_\_ No, \_\_\_\_\_ Yes - Explain \_\_\_\_\_

Has this business declared bankruptcy in the last 5 years: \_\_\_\_\_ No, \_\_\_\_\_ Yes - Explain \_\_\_\_\_

**Section E**

Everything that I have stated in this application is correct to the best of my knowledge. I understand that the City of Lockhart will retain this application whether or not it is approved. The City of Lockhart is authorized to check the credit and employment history of me and of the business. Should I receive loan funds from the City of Lockhart, I agree to comply with the Equal Employment Opportunity (EEO) requirements of the United States Government; and I agree to comply with the guidelines and procedures of the Loan Review Committee; and I agree to maintain the business in the city limits of Lockhart until the loan is paid in full.

Applicant Name (Please Print) \_\_\_\_\_

Title \_\_\_\_\_

Applicant's Signature \_\_\_\_\_

Date \_\_\_\_\_

Other Signature (Where Applicable) \_\_\_\_\_

Date \_\_\_\_\_

Preparer's Signature and Company Name (If application packet was prepared by a representative) \_\_\_\_\_

**LOCKHART ECONOMIC DEVELOPMENT  
REVOLVING LOAN COMMITTEE**

**BORROWER'S STATEMENT OF UNDERSTANDING**

I understand that the completed forms and other information that I am providing to the Lockhart Economic Development Revolving Loan Committee, as part of my application for a loan from the Committee, will be discussed by the Committee in order to assess my loan application. I also understand that, as a government entity, the Committee is subject to the Texas Public Information Act and other state or federal laws. Therefore, some or all of the information that I provide to the Committee might be subject to disclosure to third parties. I understand that, as part of the application process, the Committee might contact third parties in order to obtain information about me.

By signing this document, I am stating my intention to apply to the Committee for a loan, with the full understanding that the information I provide might be subject to public disclosure.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Position

\_\_\_\_\_  
Name of Entity