

# FIRST STATE COMMUNITY LOAN FUND

BREAKING DOWN BARRIERS • BUILDING UP COMMUNITIES

## **The Decision Process**

## Background:

### *First State Community Loan Fund (FSCLF)*

- ▶ Established in 1993 (Celebrating 25 Years!)
- ▶ FSCLF is a not-for-profit Community Development Financial Institution (CDFI) and a Certified Development Company (CDC)
- ▶ Mission Statement:
  - ▶ *“First State Community Loan Fund’s mission is to educate, empower, and elevate business owners, and entrepreneurs, by augmenting technical expertise, increasing access to capital and stimulating business growth throughout Delaware and southeastern Pennsylvania.”*

# Loan Programs:

*Financing options through FSCLF*

## ▶ Microloan

- ▶ Loans from \$10,000 to \$50,000

## ▶ Business Growth Loan

- ▶ Loans from \$50,001 to \$250,000

## ▶ Community Development Loans

- ▶ Loans up to \$500,000 for eligible businesses

## ▶ SBA 504 Loans

- ▶ Loans up to \$5,500,000 for eligible businesses

# Step 1:

## *Loan Application*



### BUSINESS LOAN APPLICATION

<b>Loan Amount Requested:</b>	<b>Term (Max 5 Years)</b>

Business Information	
<b>Name of Business:</b>	<b>Date Business was Established:</b>
<b>Business Address:</b>	<b>Business Phone #:</b>
	<b>Business Fax:</b>
	<b>Business Email:</b>
<b>Type of Business (NAICS/SIC):</b>	<b>EIN (Tax ID#):</b>
<b>Legal Structure:</b> (circle one)      C-Corp      S-Corp      LLC      Partnership      Sole Proprietorship	
<b>Number of employees (All Company Divisions): Full-Time/Part-Time</b>	<b>Number of employees if loan is approved:</b>

# Loan Application

Use of Proceeds:	(\$)
Land & Building Acquisition	
Building Improvements	
Machinery & Equipment	
Inventory	
Accounts Payable	
Working Capital	
Business Acquisition	
Other:	
<b>TOTAL:</b>	

Collateral for Loan: (should be equal to the Loan Amount applied for)	Value After Current Liens:
Personal Residence	
Vehicle	
Business Assets	
Investment Property	
<b>TOTAL:</b>	

Owners/Investors & Management of Business				*Optional Information	
Name/Title:	SS#:	Address:	% Owned	*Race	*Sex (M or F)

# Loan Application

REMOVING DOWN BARRIERS • BUILDING UP COMMUNITIES

## INDIVIDUAL/OWNER INFORMATION

Individual/Applicant Information:			
Applicant/Owner Name:	Phone #:	Birth Date:	Social Security #:
Home Address:		Previous Address (if less than 2 years):	
Email:			
Applicant Employer Information			
Employer Name:	Position/Title:	Years Employed:	
Employer Address:		Phone Number:	

Co-Applicant Information			
Co-Applicant/Owner Name:	Phone #:	Birth Date:	Social Security #:
Home Address:		Previous Address (if less than 2 years):	
Email:			
Co-Applicant Employer Information			
Employer Name:	Position/Title:	Years Employed:	
Employer Address:		Phone Number:	

# Loan Application

Credit/Personal References (Recommended, not Required)		
Name:	Phone #:	Account #/Relationship & Years Known:
Name:	Phone #:	Account #/Relationship & Years Known:
Name:	Phone #:	Account #/Relationship & Years Known:

# Loan Application



## PERSONAL BUDGET STATEMENT & BUSINESS DEBT SCHEDULE

Monthly Household Income		Monthly Expenses	
Gross Monthly Pay from Employment		Mortgage/Rent Payment (Primary Residence)	
Gross Monthly Income from Other Jobs		Mortgage Payment (Investment Property)	
Spouse Gross Income		Second Mortgage/Home Equity Loan	
Income from Government Explain:		Auto Loan	
Interest Income		Credit Card Minimum Payment(s)	
Bonus/Commission		Other Loan Payments to Lending Institutions	
Rental income		Loan Payments to Relatives/Friends	
Alimony/Child Support		Alimony/Child Support	
Other Income Explain:		Other Expense Explain:	
<b>TOTAL MONTHLY HOUSEHOLD INCOME:</b>		<b>TOTAL MONTHLY PAYMENT OBLIGATIONS:</b>	



# Loan Application

Schedule of Business Debts:				
Debtor:	Original Amount:	Current Balance:	Interest Rate:	Monthly Payment:
<b>TOTALS:</b>				

# Loan Application Checklist

- ▶ \_\_\_1. **Loan Application:** Information regarding your business request.
- ▶ \_\_\_2. **Loan Application Fee:** Is due with the application.
- ▶ \_\_\_3. **Tax Returns:** Personal and business full tax returns (with schedules) for the last 3 years, signed and dated.
- ▶ \_\_\_4. **Business Financial Statements:** Balance sheet and income statement for the most current interim period (not older than 90 days), signed and dated.
- ▶ \_\_\_5. **Personal Financial Statements:** Owners (& Guarantors, if applicable) must complete and sign (not older than 90 days).\*
- ▶ \_\_\_6. **Resumes:** or description of management experience and expertise: For owners and for any key persons responsible for business operations.
- ▶ \_\_\_7. **Business Plan:** For new businesses, please submit a complete Business Plan.
- ▶ \_\_\_8. **Projected Cash Flow Statement:** Provide a month-by-month projection for the next 12 months. Provide a complete description of any key assumptions that influence financial projections, including any cash contributions to the project besides that from First State Community Loan Fund.
- ▶ \_\_\_9. **Licenses:** Copies of: Driver's license; Social Security Card; Business license; Professional licenses; any City/State required licenses
- ▶ \_\_\_10. **Insurances:** Copies of all insurance policies/evidence of coverage: Life Insurance, Property Insurance, Liability Insurance, any professional insurance requirements.
- ▶ \_\_\_11. **Organizational Documents:** Copy of Articles of Incorporation and Bylaws (corps); Copy of Certificate of Formation (LLC); Operating Agreements; EIN documents; Fictitious Name Filing
- ▶ \_\_\_12. **Leases & Signed Contracts:** Copy of Existing or Draft Lease.

# Step 2: Passing the “Sniff Test”

## *Does the Business Cash Flow?*

- ▶ Calculate Debt Service Coverage Ratio (“DSCR”)
  - ▶ Total Available Cash Flow/Total Debt Service
  - ▶ Must be at least 1:1
- ▶ Stress Financials - how much stress can the financials take and still break-even?
- ▶ Consider the other C’s of Credit:
  - ▶ Character
  - ▶ Capital
  - ▶ Collateral
  - ▶ Conditions

# Step 3:

## *Determining Funding Source:*

*When is a Borrower/Loan Eligible for EDA Funding through FSCLF*

- ▶ What are the proposed use of funds?
- ▶ How many jobs are being created/retained?
- ▶ Has the Borrower contributed funds within the last 12 months? How much is their equity injection?

# EDA Funding: Memorandum to File

## *Tracking Impact by Loan*

<b>Borrower(s):</b>		<b>EIN:</b>	
		<b>NAICS:</b>	
		<b>SIC:</b>	

Overall Project Leverage: (\$ \_\_\_\_\_ to \$ \_\_\_\_\_) Yields \_\_\_\_\_ **to 1 Leverage.**

Job Creation (Requirement is 1 per \$ \_\_\_\_\_ EDA Funds)

- Existing employees = \_\_\_\_\_, new jobs created = \_\_\_\_\_
- \_\_\_\_\_ **Jobs to \$** \_\_\_\_\_ EDA Funds



## **First State Community Loan Fund**

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