

**CITY OF KENT, OHIO  
DEPARTMENT OF COMMUNITY DEVELOPMENT  
LOAN APPLICATION  
COMMERCIAL/INDUSTRIAL LOAN PROGRAMS**

This application form will be used by applicants seeking funding under the City's Commercial - Industrial Revolving Loan Fund Program. Applicants shall submit all applicable information as requested in the application form and are responsible for the accuracy of the information submitted.

**CITY OF KENT  
REVOLVING LOAN FUND PROGRAM  
QUESTIONS AND ANSWERS**

The City of Kent's Revolving Loan Fund (RLF) is a local program where funds are used to assist qualified businesses expanded, thereby creating and/or retaining and/or retain permanent jobs. This program will provide direct loans to small businesses at below prevailing interest rates to enable them to acquire conventional financing or other financing on the remainder of their project.

**Q. HOW CAN RLF FINANCING BE USED?**

A. In general, RLF's may be used for fixed asset financing. Construction, expansion or conversion of facilities, and acquisition of land, building, machinery and equipment are allowable. Funds cannot be used for speculative projects, primarily recreational businesses, or to refinance existing debts. Working capital and inventory may be funded as a portion (up to a maximum of 50%) of the total RLF loan amount.

**Q. WHO MAY APPLY FOR A LOAN?**

A. Any small or medium sized commercial or industrial business located in, or planning to locate within the City of Kent. Businesses must meet certain criteria to be considered for RLF financing. Generally, borrowers should be an established concern with a minimum of three (3) years in operation. Projects of merit submitted by a new company demonstrating a high probability of success may also be considered for RLF financing.

**Q. WHAT JOB REQUIREMENTS MUST A BUSINESS MEET?**

A. One (1) job must be created or retained for each \$10,000 loaned within 12 months of project completion. The more long-term, permanent, head-of-household jobs created or retained per dollars, the better the chance of loan approval. For any amount loaned from

\$1,000 to \$10,000, one (1) job must be created or retained.

Retained jobs can be counted if it can be demonstrated beyond a reasonable doubt that the job will be lost to the City if the financing request is not approved.

**Q. WHAT OTHER REQUIREMENTS MUST BE MET?**

A. Other requirements are those necessary for any loan approval: good history, strong financial statements, and a high probability of repayment. A thorough credit analysis will be performed on every loan applicant. There must be a reasonable personal or corporate commitment of equity. A 10% minimum of owner equity is required for each project.

**Q. HOW MUCH CAN WE BORROW?**

A. Loan amount will be available from a minimum \$5,000.00. The maximum loan amount depends upon the sum of RLF dollars available at any given time.

**Q. WHAT IF A PROJECT REQUIRES MORE MONEY THAN THE RLF CURRENTLY CONTAINS?**

A. The RLF is not meant to be the primary lending source but more of a supplement to conventional financing. Nor is the RLF meant to be a substitute for private capital. The Department of Community Development will assist a business locate additional financing through any one of several State and Federal loan programs available.

**Q. HOW DOES A BANK PARTICIPATE?**

A. A conventional loan from a federally insured lending institution, typically the applicant's bank of account, is the source of first mortgage for the project. Bank financing must be arranged prior to final RLF approval. All RLF projects must leverage a minimum ratio of two private dollars to one RLF dollar. The RLF portion cannot exceed 30% of total project cost.

**Q. WHAT IS THE INTEREST RATE AND TERM OF THE LOAN?**

A. The Loan Review Committee shall establish the interest rate as a percentage of the prime rate of interest. This percentage will not be less than 50% and not more than 75% of the prime rate. Once determined as a percentage of the prime rate of interest, the loan-servicing bank in keeping with its normal practices in serving floating rate loans will periodically adjust the actual loan interest rate. The rate of interest will be based on the term of the loan.

Terms will vary depending upon: the life of the asset, the first or second mortgage lender's requirement of compatible terms or the needs of the applicant. Generally, a fixed asset loan will not exceed fifteen (15) years and a working capital loan will not exceed twelve (12) months.

**Q. WHAT IF THERE ARE MORE LOAN APPLICANTS THAN FUNDS AVAILABLE?**

A. Eligible applicants with bank approval will receive loans until the entire amount is exhausted. As payments replenish the fund and as additional funds can be added, the best-qualified applicants will be considered for future loans.

**Q. WHAT ARE THE LOAN SELECTION PRIORITIES?**

A. Priority will be given to businesses that exceed the required loan to job ratio (required: 1 job per \$10,000 loaned, priority: 2 jobs per \$10,000 loaned). Priority will be given to expansion or retention of existing business and to facilitate local ownership. Priority will be given to projects that will have a substantial impact on the community. These standards include the growth potential of borrower companies, generation tax revenues, and linkages with the area's existing economy. Special consideration will be given to employee-purchase of an existing business and for minority and female-owned businesses.

**Q. WHAT IS THE LOAN APPLICATION PROCEDURE?**

A. The applicant will first contact the Department of Community Development to discuss the project. The Director shall explain the loan program and make an appointment for an on-site interview. A questionnaire will be completed for the purpose of determining if the project and the applicant meet general eligibility qualifications.

If the project appears feasible, the applicant must complete a formal application form with is reviewed by the Loan Review Committee. A thorough credit analysis is completed. The Committee then meets to discuss the project with the applicant and to decide on a loan recommendation. If approved, appropriate legal documents are prepared and a loan signing date is scheduled. The RLF monies are placed in escrow until the disbursement date.

**Q. WILL OUR APPLICATION BE KEPT CONFIDENTIAL?**

A. Yes, the applicant's personal and corporate financial information will be accessible only to the five member Loan Review Committee in order to complete a credit analysis. An annual report of all loan activity will be forwarded to Kent City Council. Information as to the use and amount of the loan, the number of jobs, the interest rate and term, and the

name of the borrower may be made available to the public at this time.

**Q. ARE FEES CHARGED?**

A. Yes, a non-refundable application of \$100.00 is to be submitted with the formal application for loan funds.

If the Loan Review Committee approves the loan, then the borrower will also be billed for the full amount of the administrative costs to the City. Costs include: legal fees, title searches, recording costs, appraisals and credit bureau reports. The application fee of \$100 will be applied to the administration costs. Fees are payable at the time of the loan closing.

The loan-servicing fee as charged by the bank servicing the loan will be paid by the borrower directly to the bank on a monthly basis.

**Q. WHERE CAN WE APPLY AND RECEIVE INFORMATION?**

A. Contact the Economic Development Coordinator,  
City Manager's Office  
City of Kent, 319 S. Water, Kent, OH 44240,  
Phone number (330) 678-8100

E-mail [EDCORD3@aol.com](mailto:EDCORD3@aol.com)

**LOAN APPLICATION  
COMMERCIAL/INDUSTRIAL LOAN PROGRAMS**

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1. Applicant Information:

Name(s): \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Daytime Phone: (    ) \_\_\_\_\_

Social Security Number: \_\_\_\_\_

2. Company Information:

(a) Business Name: \_\_\_\_\_

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

City/State/Zip: \_\_\_\_\_

Phone Number: (    ) \_\_\_\_\_

Fax Number: (    ) \_\_\_\_\_

S.I.C. Code(s): \_\_\_\_\_

Federal Tax ID#: \_\_\_\_\_

(b) Please provide the name of all owners and primary officers of the company on the lines below:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(c) Please indicate under which type of organization your company presently operates (check one):

<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Cooperation
<input type="checkbox"/> Franchise	<input type="checkbox"/> Joint Venture
<input type="checkbox"/> Partnership	<input type="checkbox"/> Other (specify)
<input type="checkbox"/> Start-Up	

(d) Which of the following describes your business best (check one):

<input type="checkbox"/> Construction	<input type="checkbox"/> Research & Development
<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Retail
<input type="checkbox"/> Service of Goods	<input type="checkbox"/> Professional Service
<input type="checkbox"/> Not Developed	<input type="checkbox"/> Others (specify)

(e) Current Employment:

Full Time _____	Part Time _____
Seasonal _____	None (New Business) _____

(f) Projected Employment in one year:

Full Time \_\_\_\_\_ Part Time \_\_\_\_\_ Seasonal \_\_\_\_\_

(g) How long has your company been in existence?

Years \_\_\_\_\_ Months \_\_\_\_\_

3. Amount of funding requested from City: \$ \_\_\_\_\_

4. List Sources of Project Funding and the amount of funding anticipated:

Bank	\$ _____
City	\$ _____
Owner Equity	\$ _____
Other (Specify)	\$ _____

Total \$ \_\_\_\_\_

5. List all uses of project funding by category and amount below:

Land/Building Acquisition	\$ _____
Equipment/Machinery	\$ _____
Construction/Renovation	\$ _____
Inventory	\$ _____
Working Capital	\$ _____
Other (Specify)	\$ _____
Total	\$ _____

6. Please provide a written explanation of how loan funds will be used specifically, for each category marked in item #5 above:

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7. Corporate Resolution to Borrow Funds (if Applicable):

A resolution of the Board of Directors of the corporation applying for the loan is required when the officers of the corporation must be authorized and empowered in name of and on behalf of the corporation to do any acts including, but not limited to, the mortgage or pledge, to secure RLF financing. Submit a copy of the resolution with this application, if applicable.

8. Resumes

The resumes of the principals and any other key management officials focusing on their educational, technical and business background should be submitted.

9. Affiliates (if Applicable)

Affiliated Companies: \_\_\_\_\_  
\_\_\_\_\_

Affiliate's Relationship to Applicant: \_\_\_\_\_

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If the applicant has one or more affiliated, subsidiary or parent companies, the most recent financial statement of each must be submitted with this application. An affiliate is defined as any company in which either the borrower or the borrower's principals have a financial interest.

If the borrower has no affiliates, parent or subsidiary, this section will not apply.

10. Company Benefit Statement

This statement should focus on the ability to grow and to expand capacity. Savings, efficiencies and improvements in technology expected as a result of this loan should also be addressed. Describe new products, if any, that will result from the project. Discuss the potential for spin-off industries if this project is funded. State what the company expects to accomplish with the overall project. This should include information on existing as well as planned products, services or business information.



11. Other Information

- a) If a corporation, submit a copy of the Articles of Incorporation.
- b) If a partnership, submit a copy of the Agreement.
- c) If a franchise, submit a copy of the most recent Agreement.

12. Market Information

If the project is an expansion, what information supports expansion at this time?

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List major customers: \_\_\_\_\_

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List major suppliers: \_\_\_\_\_

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List major competitors: \_\_\_\_\_

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Submit sample company literature with this application, e.g. Annual Reports, Sales Brochures, etc. If this is a business start-up, submit a copy of the business plan with the application.

13. List of obligations

- a) Include all obligations evidenced by promissory note including notes payable, long-term debt, installment loans and officer debt. Any delinquencies should be explained. Do not include trade debt or bills due which arise out of operations. Attach additional sheets if necessary.

Creditor	_____					
Origination Date	/	/	/	/	/	/
Original Amount	\$		\$		\$	
Present Balance	\$		\$		\$	
Interest Rate			%		%	%
Monthly Payment	\$		\$		\$	
Maturity Date	/	/	/	/	/	/
Collateral						
Status (current or delinquent)	_____					

13. Continued List of obligations

Creditor	_____					
Origination Date	/	/	/	/	/	/
Original Amount	\$		\$		\$	
Present Balance	\$		\$		\$	
Interest Rate			%		%	%
Monthly Payment	\$		\$		\$	
Maturity Date	/	/	/	/	/	/
Collateral						
Status (current or delinquent)						

Total Outstanding Balance: \$

Total Monthly Payment: \$

b) Applicant has the majority of its business accounts with:

Name of Bank: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Contact Person: \_\_\_\_\_

- c) Are there any pending law suits involving either the principals or the company?

\_\_\_\_\_ If yes, provide details on attached sheet.

14. Personal Financial Statement:

In most cases, personal guarantees will be required. If the applicant has a recently completed personal financial statement on a bank form a copy should be submitted. If this is not the case, the applicant should complete the attached Personal Financial Statement and submit it with this application.

For business start-ups, provide a current personal financial statement for each owner.

15. Company Financial Statements:

Applicants should provide historical financial statements for the most recent three- (3) years of operation. If the most recent statement is more than sixth (60) days old an interim statement for the current period should be included. Financial statements need not be audited; however audited or reviewed statements are desirable.

Projections of income and expenses for at least the next three- (3) years of operation must also be provided.

16. Project Financing:

- a) Submit a letter of commitment from all lending sources. The letter must be written on the letterhead of the lender, public agency, state or federal agency, etc., involved and must be signed by an agent who has authority to commit his/her agency.

The lender's commitment should be contingent upon approval of RLF financing. However, if there are other contingencies to the commitment these should be clearly described in this letter. A complete description of the nature of the commitment, including all aspects of the rate, term, amount and special payment provisions should be provided.

- b) Cost Certification - A cost certification must be provided by a qualified party who is not otherwise involved in the project. This certification must be done on their letterhead and indicate the estimated cost of the activity, the basis for that estimate in terms of quantities or other unit costs, and the period for which the estimate will be accurate.

Equipment lists should be provided itemizing the costs to each type for equipment

to be included in the project and the source of the estimate. Breakouts having the detailed costs and basis for interim costs and professional fees should be provided. Leasehold improvements should be described.

- c) Tenant(s) Commitment Letter - If applicable, submit a letter identifying the proposed tenant(s) and the level of commitment.

This letter should reflect the character of the project and the nature of the tenant's commitment. Make sure any additional pertinent information is included; type of lease, provisions for utilities, maintenance, insurance, etc., and any contingencies involved in consummating or terminating the lease (e.g. lease with option to purchase).

- e) Evidence of Site Control - Provide copies of site control instruments such as a purchase agreement, option to purchase agreement, deed of sale, sales contract or lease.

17. Release of Credit Information:

Complete the attached Release of Credit Information form, attached, and submit it with the application. This will authorize disclosure of information related to the credit worthiness of the loan applicant.

18. Requirements and Certification:

The undersigned, duly authorized Officers of the Applicant, hereby certify that the statements made in the foregoing application and in all attachments submitted in connection with this application are true and correct to the best information and belief of the undersigned and are submitted as a basis for determining approval of Revolving Loan Fund financing.

Privacy Act 1974 Information: Certain information such as personal balance sheets are used to evaluate your application. Such information will be reviewed as part of the required credit analysis. Omission of an item means your application might not receive full consideration.

I/we certify that the requirements listed below will be met:

- a) I/we agree to notify the City of Kent immediately of any project modification. All proposed changes must be submitted to the City for review and approval prior to implementation.
- b) I/we understand that Kent City Council will review an annual report of all loan activity. Information as to the use and amount of the loan, the

number of retained or created jobs, the interest rate and term, and the name of the borrower will be made available to the public at this time.

- c) I/we understand that if RLF financing is used to construct, expand or convert facilities, the City will not issue a final loan disbursement until an occupancy permit is obtained.
- d) I/we understand that under the relocation requirements, a RLF project must be within the City of Kent. Included in the Security Agreement will be a statement of default. The statement requires the debtor to keep the collateral separate and identifiable at the address shown, and prohibits removal of the collateral from that address without the City's written consent. The debtor shall be in default under the terms of the Security Agreement if any representation of statement made to the City proves to be false in any respect. Therefore, the RLF loan will be called should the borrower move from the area.
- e) I/we understand that to insure that post-approval and monitoring of employment is undertaken, the City includes a job commitment with its Letter of Inducement. As substantiation of employment commitments, the borrower will send the City a copy of its payroll at the time of closing, and at any other set time. In the event the RLF borrower fails to meet the job hiring commitment, the City has the right, after thirty (30) days advance written notice, to increase the interest rate of the loan to a rate equal to the prime rate of interest as reported in the *Wall Street Journal* plus three (3) percentage points. The RLF borrower shall use its best efforts to meet the job commitments and shall document efforts undertaken to meet this end.

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Applicant Signature & Title :

Date:

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Co-Applicant Signature & Title :

Date:

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Co-Applicant Signature & Title :

Date:

Upon submission of this application, a non-refundable fee of One hundred dollars (\$100.00) is payable to the City of Kent, Revolving Loan Fund. Submit this application and fee to:

City of Kent - City Manager's Office  
319 S. Water Street, Kent, Ohio 44240  
(330) 678-8100

## RELEASE OF CREDIT INFORMATION

The applicant for a City of Kent Revolving Loan Fund (RLF) loan states that he/she understands that an investigation of the credit worthiness of the applicant will be conducted. The investigation will include obtaining information from creditors and suppliers of the applicant. The applicant hereby authorizes the City of Kent Department of Community Development and its agents to freely obtain this information. Furthermore, the creditors and suppliers of the applicant are authorized by the applicant to release all information related to the credit worthiness of the applicant to the City of Kent Department of Community Development and its agents.

The creditors and suppliers of the applicant are hereby released from any and all liability for releasing such factual information to the City of Kent Department of Community Development and its agents related to the above referenced investigation. The applicant acknowledges that the investigation shall form a substantial basis for determining whether a loan will be made to the applicant, and that the results of the investigation will be maintained in the office of the Department of Community Development along with the loan application and related documentation. Furthermore, the City of Kent Department of Community Development is hereby released from any and all liability related to its reasonable reliance on the factual information obtained from the applicant's creditors and suppliers during the investigation.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

Please provide the full Names, Addresses and Social Security Numbers of each individual to be reported:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Address:

\_\_\_\_\_  
Address:

\_\_\_\_\_  
Social Security No.:

\_\_\_\_\_  
Social Security No.:

**PART B**

1. Please indicate the ethnic origin of the applicant/business owner:

Black

American Indian

Hispanic

Asian-Pacific Islander

Caucasian

Alaskan Native

Other (specify)

2. Please indicate the area or trades in which your business is certified or intends to be certified as a Minority Business Enterprise (MBE) and/or Women's Business Enterprise (WBE):

a) \_\_\_\_\_

b) \_\_\_\_\_

c) \_\_\_\_\_



## **ATTACHMENTS**

1. Corporate Resolution to Borrow (if applicable)
2. Resume(s) of Principal and Management
3. Affiliate Financial Statement (if applicable)
4. Company Benefit Statement
5. Articles of Incorporation (if applicable)
6. Partnership Agreement (if applicable)
7. Franchise Agreement (if applicable)
8. Sample Company Literature
9. Business Plan (if applicable)
10. List of Obligations (if additional sheets are necessary)
11. Details of Pending Legal Matters (if applicable)
12. Owner(s) Personal Financial Statement
13. Company Financial Statements and Proforma
14. Financing Commitment Letter(s)
15. Cost Certifications
16. Tenant Commitment Letter(s) (if applicable)
17. Evidence of Site Control
18. Job Retention Documentation (if applicable)
19. Release of Credit Information form
20. Application Fee