

**NORTHWEST ALABAMA COUNCIL
OF LOCAL GOVERNMENTS
P. O. BOX 2603
MUSCLE SHOALS, AL 35662**

**STATE REVOLVING LOAN FUND
APPLICATION
COVID-19 RECOVERY LOAN FUND**

CONTACT:
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Application expires
December 31, 2020

**NORTHWEST ALABAMA COUNCIL OF LOCAL GOVERNMENTS
 REVOLVING LOAN FUNDS – STATE
 COVID-19 RECOVERY LOAN FUND**

PURPOSE	Retain jobs in the region by private, for-profit firms.
LOAN LIMITS	Minimum amount: \$10,000 Maximum - \$20,000
TERMS	<ul style="list-style-type: none"> • Up to five years. • Loan amortization schedule will be deferred for four months after loan closing.
RATES	2%
FEES:	N/A
AVAILABILITY:	\$160,000 per county, provided on a first come, first served basis until funds are depleted.
ELIGIBLE USES	Working Capital for: <ul style="list-style-type: none"> • Rent/Mortgage • Payroll • Fixed Expenses • Supplies • Equipment
ELIGIBLE APPLICANT	Small businesses, with less than 500 employees, located within the NACOLG region of Lauderdale, Colbert, Franklin, Marion and Winston Counties, who have been affected by the Coronavirus.
ADDITIONAL REQUIREMENTS	<ul style="list-style-type: none"> • Financial statements • Personal guarantees may be required from all individuals with 20% or more ownership in the business. • Sufficient cash flow to service the debt

Application Process

All applications must be legible (handwritten or typed) and complete upon submittal. Incomplete applications will not be presented to the loan review committee. Completed applications should be submitted to:

Mailing Address

NACOLG
P. O. Box 2603
Muscle Shoals, AL 35662

or

Physical Address

NACOLG
103 Student Drive
Muscle Shoals, AL 35661

REVIEW PROCESS:

Loan review meetings are scheduled on an as-needed basis. After loan review committee approval and notification to applicant of approval, the next requirements are as follows:

- A local attorney is advised upon approval of the loan and instructed to prepare loan documents.
- Upon completion of loan documents, a loan closing meeting is scheduled.
- Funds are disbursed at loan closing.

LOAN CLOSING:

All loan closings are held at the NACOLG office or within the county where the loan originates. Minimal loan closing costs may be included or added to the loan amount. The borrower will be responsible for all loan closing costs.

Loan documents are standard documents. Any modifications to these documents will result in additional legal fee charged to the borrower.

ADDITIONAL:

The borrower agrees any funds spent prior to approval by the Loan Review Committee will be at the borrower's risk. This includes, but is not limited to, expenses for appraisals, environmental reviews, loan closing costs, etc.

The Northwest Alabama Council of Local Governments will obtain a credit report on you and/or your company as well as the principal(s)/guarantor(s).

I have read and understand all of the above and agree to terms and conditions.

Signature

Date

NORTHWEST ALABAMA COUNCIL OF LOCAL GOVERNMENTS
103 STUDENT DRIVE
MUSCLE SHOALS, AL 35661

P. O. BOX 2603
MUSCLE SHOALS, AL 35662

TELEPHONE: 256-389-0555
FAX: 256-389-0599

E-Mail: kjones@nacolg.org

COVID-19 RECOVERY REVOLVING LOAN FUND APPLICATION

SECTION 1 – APPLICANT INFORMATION:

COMPANY NAME: _____ FEIN: _____

CONTACT PERSON: _____ TITLE: _____

BUSINESS ADDRESS: _____ CITY _____

COUNTY _____ STATE _____ ZIP CODE _____ PHONE _____

HOME ADDRESS: _____ CITY _____

COUNTY _____ STATE _____ ZIP CODE _____ PHONE _____

SS# _____ BIRTHDATE _____ E-MAIL ADDRESS _____

PRINCIPAL BUSINESS ACTIVITY _____

PRODUCT LINE(S) _____

DATE COMPANY INCORPORATED _____ NAICS (SIC)# _____

TYPE OF BUSINESS:

Corporation Proprietorship Partnership Female Owned* LLC

Sub Chapter-S Corporation Limited Partnership

Owner's Race*

Am. Indian/Alaskan Native Asian Black/African Am. Native Hawaiian/Pacific Islander

White Other

Owner's Ethnicity*

Hispanic/Latino Not Hispanic/Latino

Other*

Vietnam Vet

*Required for statistical information only.

ANTICIPATED USES AND SOURCES OF PROJECT FUND

Attach copies of quotes as examples of expenditures

Detail the Working Capital needs to be financed (BE SPECIFIC):

Sources and Uses

SOURCE OF FUNDS					USE OF FUNDS	
Name of Lender & Contact Information	Amount	Term	Rate %	Annual Debt Service	Working Capital	Amount
1.						
2.						
3.						
NACOLG						
Other						
Equity*						
Totals						

*Equity injection comes from cash flow, retained earnings, individual

ASSETS TO BE USED FOR COLLATERAL:

_____ Equipment

_____ A/R Inventory

_____ Other Description: _____

_____ Real Estate Address/Description: _____

ASSURANCES

- A. Agreement of Non-employment of RLF personnel: I/We agree that if this RLF application is approved, I/We will not for at least one (1) year hire as an employee or consultant anyone that was employed by the Northwest Alabama Council of Local Governments (NACOLG) during the one year period prior to the disbursement of the loan.
- B. I/We certify that, upon disbursement of the RLF funds, new equity in an amount not to be less than 10% of the total project cost will be injected as a part of this project.
- C. I/We certify that all information in this application and the exhibits is true and complete to the best of my/our knowledge and is submitted to NACOLG so that NACOLG can decide whether to grant a loan or participate with a lending institution in a loan to me/us.
- D. I/We certify that, with respect to this project, commencement will not occur prior to the approval of the application by the Loan Administration Committee of the Northwest Alabama Council of Local Governments.
- E. I/We certify that no officers or principal shareholders have been convicted of any felony or any misdemeanor involving theft, dishonesty, deception, false swearing, or the filing or submission of any false or misleading information to any agency of government, nor are any charges of any such offenses pending.
- F. I/We give the assurance that this project complies with all local, State and Federal environmental and zoning regulations. I/We further certify that the business is not currently under citation for pollution violations and that all applicable future anti-pollution standards shall be met.
- G. I/We comply with Federal, State and Local laws concerning facility access for the physically handicapped.
- H. I/We provide a drug free workplace as defined by the Controlled Substances Act (21 U.S.C. 812) and 21 CFR 1308.11.
- I. I/We authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the loan.
- J. Loans will not be made to applicants for the sole purpose of relocating an enterprise from one area in the NACOLG region to another. Loans will be called if loan recipient relocates outside the five county NACOLG region.
- K. I/We give the assurance that I/We shall now and throughout the term of this loan provide any and all information requested by NACOLG personnel for the purposes of monitoring my/our loan and evaluating the RLF program and its impact.
- L. As consideration for any and technical assistance that may be provided, I/We waive all claims against NACOLG and its consultants.
- M. Authority to Collect Personal Information: This information is provided pursuant to Public Law 93-570 (Privacy Act of 1974)
- N. Effects of Non-Disclosure: Omission of any item means your application may not receive full consideration.

I/WE HAVE READ AND AGREE TO THE ABOVE ASSURANCES.

If applicant is a PROPRIETOR or GENERAL PARTNER, sign below:

By: _____

Date: _____

If applicant is a CORPORATION, sign below:

Company Name

By: _____
President's Signature

Date: _____

Attested by (Corporate Secretary's Signature):

ADDITIONAL EXHIBITS*

***These items may be required or waived at the discretion of the RLF Loan Committee**

- A. **Business Plan which 1) Describes the background and history of the business, 2) Provides an analysis of what the new project will accomplish, 3) Explains how the market will support and sustain business operations, and 4) Breakdown of ownership. APPLIES TO START-UP COMPANIES.**
- B. **Sales Agreement for land and/or building to be purchased.**
- C. **Itemized contractor's bid/estimates for construction/renovation.**
- D. **Balance Sheet and Profit & Loss Statement for Company's three most recent fiscal years, with notes**
- E. **Balance Sheet and Profit & Loss Statements (within last 90 days)**
- F. **Projected three-year Balance Sheet and Profit & Loss Statement, with notes. (Project the balance of this fiscal year and two additional fiscal years)**
- G. **Projected one-year Cash Flow Statement (month-by-month), which includes new debt service. (Project Cash Flow for balance of this fiscal year as well as next fiscal year).**
- H. **Summary of outstanding loans including: Amount, remaining Balance, Interest Rate, Term, Monthly Payment and Security. Include all loans to date and pending.**
- I. **Resume for all persons listed as principals and management including education and experience.**
- J. **Personal Balance Sheet for all major stockholders (owning 20% or more of company's outstanding stock).**
- K. **Signed quotes or sales agreements on machinery/equipment purchases.**
- L. **Names of any affiliates or subsidiaries including relationship (include financial statements). A company is considered an affiliate if the principal has 51% or more ownership in another company.**
- M. **Details of any bankruptcy or insolvency proceedings against company or principals.**
- N. **Details of any pending lawsuits.**
- O. **Franchise agreements.**
- P. **Recent Appraisal of building to purchased (or offered as collateral). Loan may be contingent upon receiving appraisal at value. Do not request appraisal until approval of loan.**
- Q. **Current Environmental Assessment of Subject property. Loan may be contingent upon receipt of Phase I Environmental, if necessary.**

****If exhibit does not pertain to your business, place an N/A in front of the exhibit letter. Please place exhibits in order.**

Other items that may be addressed - (Do not provide prior to loan approval):

Articles of Incorporation	_____
Corporate Resolution to Borrow	_____
Key-Person Life Insurance	_____
Flood Insurance	_____
Environmental Assessment	_____
Appraisal	_____
Personal Financials	_____

**Northwest Alabama Council of Local Governments
COVID-19 Recovery Revolving Loan Fund
Policies and Procedures**

I. Program Summary

A. Description

The COVID-19 Recovery Revolving Loan Fund (RLF) will address the economic development recovery needs of the NACOLG region by providing capital for small businesses within the counties of Lauderdale, Colbert, Franklin, Marion and Winston, Alabama.

B. Purpose

To assist small businesses affected by Covid-19 closures and State mandates.

C. Funding Amounts

1. \$160,000 provided to each of the five counties in the NACOLG region.
2. \$10,000 minimum loan amount
3. \$20,000 maximum loan amount
4. Funds provided on first come, first served basis until funding is depleted.

D. Fees

N/A

E. Terms

1. 2% interest
2. Five-year term
3. Loan amortization schedule will be deferred for four months after loan closing.
4. 20% forgiveness each year at anniversary of loan closing if number of jobs at time of application are retained.

F. Eligible Applicants

1. Business located within the NACOLG region of Lauderdale, Colbert, Franklin, Marion and Winston Counties, Alabama.
2. Small businesses with less than 500 employees.

G. Eligible Uses

1. Working Capital for
2. Rent
3. Mortgage
4. Payroll
5. Raw material purchase
6. Necessary equipment purchases

H. Ineligible Uses

- 1. Refinancing**
- 2. Real Estate Speculation**
- 3. Salaries to business owner only without equal payment to employees**
- 4. Loans to businesses outside of the five-county NACOLG Region**

I. Conditions

- 1. Must retain, at a minimum, the number of jobs at time of application**
- 2. Measurable collateral**
- 3. Owner insures property throughout term of loan**
- 4. Credit reports will be required of the applicant**
- 5. The Borrower will be responsible for all closing costs.**

II. The Revolving Loan Fund Strategy

A. COVID-19 Recovery Program Overview and Purpose

This Revolving Loan Fund Program (RLF) will enable The Northwest Alabama Council of Local Governments to assist small and medium-size businesses directly affected by the Coronavirus (COVID-19). The goal is the retention of permanent jobs within the NACOLG region.

The purpose of the RLF is to accelerate COVID-19 recovery efforts in the NACOLG region. Many small to medium sized business owners in the NACOLG region lack access to capital resources to keep their businesses viable and to keep employees on the payroll for the future. This RLF will be a valuable tool in meeting the economic recovery needs of the region. The loans are meant to assist businesses within the five counties who have been harmed by State mandated Covid-19 closures. The loans are to be used for rent, mortgage or operating capital for the businesses. The loans may be used in addition to SBA loans, forgivable loans or US Treasury loans.

Strategic program goals and objectives are:

- 1. To restore the economic vitality of the NACOLG region.**
- 2. To retain permanent employment opportunities.**
- 3. To assist businesses with rent or mortgage payments which are behind or will be behind due to Covid-19, if their landlords or banks are not willing to work with the business owner.**
- 4. To assist businesses with low interest loans if they are unable to get assistance from a local bank or an SBA loan, or if they receive loans from a local bank or an SBA loan but need subsequent financing.**
- 5. To assist businesses who need a small loan but may not be eligible or want to go through the SBA or State sources for a small loan.**

B. Organizational Structure

The Northwest Alabama Council of Local Governments will operate the loan program. The Board of Directors of the Northwest Alabama Council of Local Governments has the responsibility/authority to guide and control the RLF. The NACOLG Board, or Executive Committee, is responsible for maintaining and funding a staff adequate to operate the functions of the RLF and other Council programs. The Northwest Alabama Council of Local Governments will maintain a Revolving Loan Fund (RLF) Committee of ten appointed members who serve terms to be determined by the NACOLG Board. The RLF committee represents a cross section of public and private sector persons with civic, government, business, and finance experience. The RLF Loan Committee has the authority to organize, set policy, and manage the RLF. The Northwest Alabama Council of Local Governments' RLF will be operated and managed under the supervision of the Executive Director of the council. Other staff members will be retained and provided appropriate training to operate the RLF Program.

C. Implementation

The staff of the Northwest Alabama Council of Local Governments is responsible for promoting and implementing the COVID-19 Recovery RLF. NACOLG possesses the technical ability to operate the RLF from long experience with similar programs. NACOLG has operated an EDA funded loan program since 1992. NACOLG also operates two state assisted loan programs. Existing activities will be utilized, and new tasks will be studied as needed to implement the COVID-19 Recovery RLF.

Staff members will assist the business in preparing the necessary documents to apply for a loan from the Northwest Alabama Council of Local Governments' COVID-19 Recovery Revolving Loan Fund. Upon completion by the staff/business and review by the staff, the documents will be submitted to NACOLG's RLF Loan Committee for review. The Loan Review Committee will approve/disapprove the application at a formal meeting.

NACOLG staff will handle all loan processing—depositing funds, distributing applications and information, distributing loan funds, and reporting to the State. An attorney (separate from any attorney who may be on the Loan Review Committee) will be used in loan closings. Audits of the RLF will be included in the Council's annual audit by a CPA.

D. Financing Policies

All loans will directly result in the retention of permanent jobs. Policies and procedures shall comply with State and Federal regulations, and the concerns of the Northwest Alabama Council of Local Governments' Board of Directors and the RLF Committee.

1. Standard lending terms used in this document are contained in a sample loan agreement enclosed as an attachment to this plan.
2. The minimum amount of any loan by the RLF will be \$10,000 and a maximum amount of \$20,000.
3. Credit reports will be requested for the company, the borrowers, and any other investors (debtors), with greater than 20% ownership.
4. The RLF interest rate shall be two percent.
5. The time frame for the repayment of loans is up to five years.
6. Loan amortization schedule will be deferred for four months after loan closing.
7. There will be no penalty for prepayment.
8. Sufficient collateral will be required for all RLF loans.
9. No deviations will be allowed unless the RLF Committee determines otherwise.
10. Any deviations to the loan procedure set forth in this plan will be determined by the RLF Committee on a case-by-case basis.

E. RLF Loan Selection Criteria

1. \$160,000 provided to each of the five counties in the NACOLG region.
2. Funds provided on first come, first served basis until funding is depleted.

III. Revolving Loan Fund Operational Procedures

A. Loan Processing Procedures

Standard Loan Application Procedures require an application and other financial assurances. The loan application process begins with the screening of the project for both its conformance with the RLF guidelines and standards, and its soundness as a business venture. A review of the company's business plan and the financial statements will be made during a meeting with the prospective borrowers. If a project is found to have merit and a possibility for success as a business, the prospective borrower will be asked to submit a formal application to the RLF Committee. The staff of NACOLG will assist in completing the application.

It is the role of the Northwest Alabama Council of Local Governments and the RLF Manager to make a recommendation to the Committee based on their evaluation and interpretation of financial statements, as well as background and historical information of the borrower and principals. A complete application will be presented to the Committee by the staff member responsible for packaging the loan request. The Committee will make one of these decisions:

1. Recommend approval of the request.
2. Recommend denial of the request.

3. Request additional information.

The potential borrower will be notified by NACOLG in writing as to the action taken and, if appropriate, directed to additional funding sources.

B. Loan Closing and Disbursement Procedures

Standard documents required prior to loan closing:

- 1. Loan Application**
- 2. RLF Committee approval – signed acceptance letter**
- 3. Proof of required Insurance**
- 4. Financial Statements of Borrowers and Principals**
- 5. Credit Report**
- 6. Proof that lien free assets are used as collateral**
- 7. Loan Agreement/Terms/Conditions**
- 8. Security pledged**

C. Loan Servicing Procedures

The promissory note will schedule loan payments. The loan applicant will be required to submit payments as required by the agreement to the RLF. Loan applications will not be penalized for early repayment of the amount. These loan repayments and any unused RLF funds will be deposited in a federally insured depository.

- 1. The Northwest Alabama Council of Local Governments expects borrowers to make prompt monthly payments of principal and interest based on the loan schedule. Loan payments will be made to the Northwest Alabama Council of Local Governments where they will be receipted and deposited by the NACOLG staff.**
- 2. Job retention requirement will be reviewed at the anniversary date of the loan closing, and if the job retention goal has been met, 20% of the outstanding loan balance will be forgiven yearly.**
- 3. RLF loans will be monitored monthly for compliance, delinquency, and assurance for all provisions set forth herein. The software used for RLF processing provides monthly financial statements for each loan indicating loan condition.**

Financial statements, insurance renewals, and UCC filings from each RLF borrower will be requested annually.

If a loan becomes delinquent, the NACOLG will take the following steps to collect the loan:

- 1. Ten days past due, a notice of delinquency will be mailed to the business.**
- 2. Fifteen days past due, a staff member will contact the borrower personally,**

- and a second notice of delinquency will be mailed to the business.
3. Thirty days past due, a third notice of delinquency will be mailed to the business explaining the seriousness of the matter and the action which will be taken if the problem is not resolved immediately.
 4. Forty-five days past due, a fourth notice of delinquency will be mailed.
 5. Sixty days past due, a fifth notice of delinquency will be mailed.
 6. If after ninety days the loan payment has not been made current or successfully renegotiated, the final notice will be sent to the borrower advising of action being taken to recover security, interest and title to the Northwest Alabama Council of Local Governments' RLF. All efforts to collect and/or to recover security, interest, and title to the RLF will not be abandoned until they become no longer cost effective.
 7. Delinquency shall render an account ineligible for loan forgiveness. Amounts previously forgiven shall not be added to the existing principle at the time of delinquency; however, no debt shall be converted to grant for any loan late in payment or delinquent.

D. Administrative Procedures

1. Interest repayments or profits from sale of loans will be returned to the RLF for relending. Interest proceeds may be used to cover administrative costs associated with the RLF. Funds not designated for administrative costs will be returned to the fund. All principal repayments will be returned to the RLF.
2. The RLF will impose the following requirements (if applicable) on its borrowers to protect the interest, rights and opportunities of groups of the population or community. These requirements will be a condition of loans, which, if violated, can result in the recalling of the loan or placing the borrower in default. The staff and the RLF Committee should ensure these requirements are met through careful oversight. Requirements included in the loan agreement are:
 - a. Environment – Applicants must assure the project under consideration will not have an adverse impact on the environment. Consultation is required on matters such as the project's impact on flood plains, wetlands, historical properties, air and water quality, and other conditions which may adversely affect the environment. The applicant must also assure the project complies with Federal, State, and local environmental regulations. Projects having an adverse environmental impact will not be approved unless the impacts have been mitigated. If it appears a project has a high probability of being approved for a loan, an environmental assessment will begin. Every loan granted by the RLF will include an environmental assessment which complies with the National Environmental Policy Act.
 - b. Relocation – The applicant must certify the project will not result in the relocation of jobs from one labor marker area to another as such

- projects are ineligible.
- c. **Flood Hazard Insurance** – NACOLG staff will consult flood hazard maps to determine the project's location in relation to flood prone areas. If the project is partially or wholly within a flood prone area, flood insurance will be required.
 - d. **Access for the Handicapped** – Projects involving building construction or renovation must have applicant's assurance the project will provide accessibility for the handicapped.
 - e. **Civil Rights Compliance** – Title VI prohibits intentional discrimination and discriminatory effects based on race, color, and national origin by recipients of federal financial assistance.
 - f. **Third Party Fees** – All third-party fees, including but not limited to accountant fees, attorney fees, feasibility studies, architectural fees, and appraisals will be paid by the borrower.
 - g. **Revenue** – All RLF forms of revenue will be tracked individually by the RLF software.