

NECOG DEVELOPMENT CORPORATION

REVOLVING LOAN FUND

INFORMATION & APPLICATION

NECOG Development Corporation (NECOG-DC) is a non-profit that specializes in gap lending. That is, NECOG-DC is not in competition with local banks and requires that applicants first visit with a bank before submitting an application. It is expected that a combination of a conventional (bank) loan and the applicant's equity is expected to provide the majority of the required financing. In situations where an applicant is unable to secure conventional financing, NECOG-DC will consider funding the entire project.

Service Area

NECOG-DC accepts loan applications to finance business start-ups and expansions in the NECOG-DC service area. These counties include: Beadle, Brown, Campbell, Day, Edmunds, Faulk, Hand, Marshall, McPherson, Potter, Spink, and Walworth.

Use of Loan Proceeds

Loan proceeds may be used for, but are not limited to the following activities: business acquisitions, land/building acquisitions, construction, building renovation, equipment purchase, leasehold improvements, and working capital on a limited basis. **Short-term operating loans and refinancing or restructuring of existing debt is generally not eligible.** NECOG-DC loan funds must be the last funds into the project, and an interim lender is required on projects involving new construction.

Ineligible Loan Purposes

Loan proceeds cannot be used for the following purposes: 1) agricultural production; 2) distribution or payment to the owner, partners, shareholders, or beneficiaries of the ultimate recipient or members of their families; 3) loans to charitable and educational institutions, churches, organizations affiliated with or sponsored by churches and fraternal organizations; 4) housing projects, including rental and house "flipping"; 5) businesses whose majority of sales come from alcohol and/or gambling; and 6) assistance to persons who are employees, directors, officers of NECOG or NECOG-DC, and/or have major ownership (20 percent or more) in the ultimate recipient.

Loan

NECOG-DC loan limits include a minimum of \$10,000 and a maximum loan amount of \$250,000. Loans in our portfolio average about \$100,000 per project. NECOG-DC does not typically finance projects larger than this on our own and will ask the applicant to seek an additional lender to share the risk. Loans should leverage one job created/retained per \$25,000 being requested.

Terms of NECOG-DC loans, including amortization term, interest rates, balloon payments, collateral positions, etc. are determined on a case-by-case basis.



This institution is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at US Department of Agriculture, Director, Office of Adjudication, 1400 Independence Ave, SW, Washington DC 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov

TTY: 771 or www.relaycall.com.

Collateral Requirements

Each loan will require a secure collateral position. Generally, a first position or a shared pro-rated collateral position will be required and personal guarantees and/or life insurance might be required.

Equity Requirements

At least 10% equity is required in all projects. Equity can be in the form of existing equity in a company, new cash injection, equipment, or labor into a project. Applicant must provide proof of equity injection.

Fees and Other Charges

NECOG-DC will work with businesses through the application process without charge. When an application is submitted there is a **\$25 per applicant fee** for a credit check. If approved for a loan, at the time of the loan closing, a one-time 1.0% origination fee is charged. Other fees that the applicant/recipient will be responsible for may include attorney fees, filing fees, and title insurance fees. If approved for a loan, NECOG-DC also has a late fee policy and a charge for non-sufficient funds.

Application Process

Once a completed loan application is filed, the NECOG-DC Board will meet to review the application. Applicants are required to meet with the NECOG-DC Board to discuss their application. Meetings are scheduled monthly and are typically held on the last Wednesday of each month. Complete applications must be in the NECOG-DC office 10 days prior to the schedule board meeting in order to be considered at that month's board meeting. ***Applications are not considered complete until all required documentation is submitted.***

After the meeting, you will be contacted and informed as to the status of your application. If approved for a loan, a commitment letter will be sent to you detailing the terms and conditions of our loan commitment. If your application is denied or tabled for further information a letter detailing the denial or further information required will be sent to you.

Expect a cycle of 45-60 days from the time a complete application is received by NECOG-DC until loan disbursement can be made, if approved for a loan. Disbursement will be in accordance with the other lenders involved and only after proper completion of mortgages, loan agreements, guarantees, and obtaining proper collateral positions, etc.

Monitoring

Loan recipients must agree to provide monitoring information as requested. Some of this information includes routine site visits, job reporting, financial reports, documentation of adequate insurance, and any other documentation as required by your loan documents or deemed necessary to monitor the loan.



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REQUIRED INFORMATION CHECKLIST

Following items must be included with your application in order to be considered complete.

Bold items are included as part of this packet. All other items are the responsibility of the applicant.

- ___ Completed and executed ***NECOG Development Corporation Application***
- ___ Completed and executed ***Agreement and Certification*** form
- ___ Completed and executed ***Release Form*** for each applicant
- ___ Completed ***Statistical Data*** sheet
- ___ Current **personal financial statement** on each owner (use attached or suitable substitute)
- ___ A business plan
- ___ At least three years of financial projections for business
- ___ Letter from a participating bank or turndown letter (if applicable)
- ___ Current Balance Sheet and Profit & Loss Statement for business
- ___ Debt schedule for any and all existing debt (including amount/rate/terms)
- ___ Prior three (3) years of tax returns for business
- ___ Evidence of applicants equity injection (must be 10%)
- ___ Prior three (3) years tax returns for each owner
- ___ \$25.00 (per applicant) non-refundable application fee

Following items will be required if approved for financing:

- Acceptable Photo ID(s)
- USDA Form 1940-20 (to be completed with assistance from NECOG-DC)
- ACH Form – all loan payments are set to be made automatically from your account

**Return completed applications to:
NECOG Development Corporation
Attn: RLF Manager
2201 6th Avenue SE P.O. Box 1985
Aberdeen, SD 57402-1985**



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| | |
|---|---|
| NECOG DEVELOPMENT CORPORATION APPLICATION | OFFICE USE ONLY |
| INSTRUCTIONS: Complete <u>all</u> portions of this application and attach the requested documents/information. NOTE: Not all businesses and/or projects qualify for financing. Prior to completing this form, potential applicants should contact NECOG-DC. | <input type="checkbox"/> EDA <input type="checkbox"/> IRP 1 2 3 <input type="checkbox"/> REDI <input type="checkbox"/> BID |

I. BUSINESS INFORMATION:

| | |
|---|--|
| Business Name / Individuals Name _____ | Form of Company _____ Proprietorship _____ Partnership _____ Corporation _____ Other _____ |
| Federal Tax ID: _____ | Date Business Established: _____ |
| DUNS #: _____ | |
| Company Address _____ | |
| Zip _____ | |

II. CONTACT INFORMATION:

| | |
|----------------|---------------|
| Name: _____ | Title: _____ |
| Phone #: _____ | Fax #: _____ |
| Cell #: _____ | E-mail: _____ |

III. OWNERSHIP INFORMATION:

Is at least 51% of the business owned by those who are citizens of the United States or reside in the United States after being legally admitted for permanent residence? Yes ____ No ____

| Name | Title | % Ownership | Annual Compensation |
|------|-------|-------------|---------------------|
| | | | |
| | | | |
| | | | |



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IV. GENERAL FINANCING INFORMATION:

Amount requested from NECOG-DC \$ _____

Amount of applicant/owner equity (must be 10%) \$ _____

Amount of all other funding \$ _____

TOTAL funding for this project (total project cost): \$ _____

V. DESCRIPTION OF LOAN REQUEST

Description of what will loan proceeds be used for: _____

Project location if different than company address: _____

Description of available collateral: _____

VI. EMPLOYMENT INFORMATION:

| | Current Employees + | Jobs to be Created = | Total Employees |
|-----------|---------------------|----------------------|-----------------|
| Full Time | | | |
| Part Time | | | |

VII. SOURCES & USES OF FUNDING:

| | NECOG-DC | Equity | | | TOTALS |
|-------------------|----------|--------|--|--|--------|
| Building/Land | | | | | |
| Site Work | | | | | |
| Inventory | | | | | |
| Fixtures | | | | | |
| Equipment | | | | | |
| Operating Capital | | | | | |
| Admin / Legal | | | | | |
| Contingencies | | | | | |
| | | | | | |
| | | | | | |
| TOTALS | | | | | |



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VIII. VERIFICATION OF NEED FOR ASSISTANCE:

Applicant must provide evidence that the project cannot be completely financed through conventional lending sources. Please provide evidence that a conventional lender is willing to participate in the project, but is unable to finance the entire project or unable to provide any financing. This is best accomplished with a letter from the bank stating the amount of financing they are willing to provide or the reason(s) they are unable to provide financing.

IX. PERSONAL GUARANTEES:

Is each owner willing to provide a personal guarantee to secure the loan? Yes ____ No ____

Are you able to provide a personal guarantee from another individual to secure the loan?
Yes ____ No ____

X. ZONING/ENVIRONMENTAL INFORMATION:

1. Is the project location zoned for the intended purpose? Yes ____ No ____
2. Is the project located in a flood plain or a flood prone area? Yes ____ No ____
3. Will the business produce, use, or store any toxic or hazardous materials or chemicals such as Ag or petroleum products? Yes ____ No ____
4. Has the proposed site ever been used for producing, storing, or use of any toxic or hazardous materials or chemicals? Yes ____ No ____

If the answer is **“Yes”** to question(s) 3 and/or 4; attach an explanation.

XI. EDA & IRP:

EDA

Purpose of the RLF is to support business activities for which credit is not otherwise available on terms and conditions which would permit completion and/or successful operation or accomplishment of the project in the following eligible areas: Beadle, Brown, Campbell, Day, Edmunds, Faulk, Hand, Marshall, McPherson, Potter, Spink, and Walworth Counties. Lender reserves the right to recall the loan if these requirements are not met. Please consult with NECOG Development Corporation regarding availability of eligible funds.

IRP

Debt Collection Improvement Act of 1996 bars delinquent Federal debtors from obtaining Federal financial assistance in the form of direct or guaranteed loans. All applicants must certify they are not delinquent on any Federal Government indebtedness.



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Agreement and Certification

I/We Agree and/or Certify:

That all information submitted in this loan application is accurate and complete to the best of my/our knowledge.

That there are no other applications or request for financing active (other than those previously mentioned) at traditional lending institutions for funding on this project. If that changes, NECOG-DC will be notified immediately.

That NECOG-DC is authorized to disclose information submitted with this application to other participating institutions. If approved for a loan, NECOG-DC may disclosure related information with other participating institutions.

As consideration for any management and/or technical assistance that may be offered, to waive all claims against NECOG-DC, it's officers, directors, and members.

That no owner or officer of my/our company or member(s) of my/our immediate families have any ownership interest in or are employed by NECOG-DC which would create a conflict of interest as a result of funding from this program.

That I am not nor is any owner or officer of my/our company delinquent on any Federal Government debt or taxes. **INT** _____ **INT** _____

This application will not be reviewed unless it is complete and contains all the necessary documentation/information.

That an application fee of \$25.00 per applicant is due with the application. Checks should be made to the NECOG Development Corporation.

NAME

NAME

TITLE

TITLE

SIGNATURE

DATE

SIGNATURE

DATE



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NECOG Development Corporation
P.O. Box 1985
Aberdeen, SD 57402-1985
(605) 626-2595

RELEASE FORM

Undersigned applicant hereby authorizes the release and disclosure to NECOG Development Corporation (NECOG-DC) information regarding my financial condition such as:

- Employment: history, title, income, hours, etc.,
- Banking and savings account(s),
- Mortgage and loan balance(s),
- Any other information in connection with a consumer credit report for transactions that involve real estate, and
- Income statements, balance sheets, cash flows, loan documents, repayment and credit history.

I/We agree that any agent, employee or official of said institution(s) may disclose said information to NECOG Development Corporation (NECOG-DC) without violating my rights to privacy.

I/We agree and understand the above information is being provided for the purpose of servicing a loan through the NECOG-DC Revolving Loan Fund.

A photographic copy of this authorization (being a valid copy of the signature(s) of the undersigned) may be deemed to be the equivalent of the original and may be used as a duplicate original.

NAME

NAME

ADDRESS

ADDRESS

CITY/STATE/ZIP

CITY/STATE/ZIP

SOCIAL SECURITY # / DOB

SOCIAL SECURITY # / DOB

SIGNATURE

DATE

SIGNATURE

DATE



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Statistical Data

Following information is requested by the Federal Government for certain types of loans, in order to monitor the lender's compliance with equal credit opportunity. **You are not required to furnish this information**, but are encouraged to do so. Law dictates that a lender may neither discriminate on the basis of this information nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations, this lender is required to note race/ethnicity on the basis of visual observations or surname. If you do not wish to furnish this information, please check the box below.

Check the following information that applies:

| Borrower | 1 st Applicant | 2 nd Applicant | 3 rd Applicant |
|--|---------------------------|---------------------------|---------------------------|
| Male | | | |
| Female | | | |
| | | | |
| American Indian Alaskan Native | | | |
| Asian | | | |
| Black or African American | | | |
| Native Hawaiian or Other Pacific Islander | | | |
| White (Caucasian) | | | |
| Other | | | |
| | | | |
| Hispanic or Latino | | | |
| Not Hispanic or Latino | | | |
| | | | |
| Veteran (including Nat'l Guard) | | | |
| | | | |
| Do not wish to provide | | | |



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PERSONAL FINANCIAL STATEMENT

AS OF (date) _____

APPLICANT

NAME _____ SS # _____

ADDRESS _____

TELEPHONE NUMBER _____ DATE OF BIRTH _____

PRESENT EMPLOYER _____ POSITION _____

EMPLOYER ADDRESS _____

LENGTH OF EMPLOYMENT _____ BUS. NUMBER _____

CO-APPLICANT

NAME _____ SS # _____

ADDRESS _____

TELEPHONE NUMBER _____ DATE OF BIRTH _____

PRESENT EMPLOYER _____ POSITION _____

EMPLOYER ADDRESS _____

LENGTH OF EMPLOYMENT _____ BUS. NUMBER _____



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- Round all AMOUNTS to the nearest \$100.
- Attach a separate sheet if you need more space to complete detailed schedule.

| ASSETS | AMOUNT | LIABILITIES | AMOUNT |
|-------------------------------------|--------|--|--------|
| Cash in Bank | | Notes Payable to Banks | |
| US Gov't & Marketable Securities | | | |
| Automobiles | | Notes Payable Auto | |
| | | Notes Payable Other | |
| | | | |
| Real Estate | | Mortgage on Homestead | |
| | | Mortgage Other Real Estate | |
| Accounts, Loans, & Notes Receivable | | | |
| Other Personal Property | | Income Taxes Payable | |
| Cash Surrender Value-Life Insurance | | Other Taxes Payable | |
| Other Assets (itemize) | | Credit Card & Other (itemize) | |
| | | | |
| | | | |
| | | | |
| TOTAL ASSETS | | TOTAL LIABILITIES | |
| | | NET WORTH | |
| | | TOTAL Liabilities & Net Worth | |

| ANNUAL INCOME | APPLICANT | CO-APPLICANT | ANNUAL EXPENSES | AMOUNT |
|------------------------|-----------|--------------|---------------------------|--------|
| Salary | | | Mortgage/Rent Payment | |
| Commissions | | | Real Estate Taxes | |
| Dividends | | | Taxes – Fed, State, Local | |
| Interest | | | Insurance Payments | |
| Rentals | | | Auto Payment | |
| Alimony, child support | | | Other Contract Payment | |
| Other | | | Alimony & Child Support | |
| | | | Other Expenses | |
| TOTAL INCOME | | | TOTAL EXPENSE | |



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LIFE INSURANCE SCHEDULE

| INSURED | INSURANCE CO. | BENEFICIARY | FACE VALUE | CASH VALUE | LOANS |
|---------|---------------|-------------|------------|------------|-------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

REAL ESTATE SCHEDULE

| Property Type & Address | Title in Name(s) of | Monthly Income | Cost & Year Acquired | Present Market Value |
|-------------------------|---------------------|----------------|----------------------|----------------------|
| | | | | |
| | | | | |

| CONTINGENT LIABILITIES | AMOUNT |
|----------------------------|--------|
| As Endorser | |
| As Guarantor | |
| Lawsuits | |
| For Taxes | |
| Other (details) | |
| | |
| Check here if "None" | |
| TOTAL CONTINGENCIES | |

| | APPLICANT | CO-APPLICANT |
|--|-----------|--------------|
| Have you ever gone through bankruptcy or had a judgment against you? | | |
| Are any assets pledged or debt secured except as shown? | | |
| Have you a will? | | |
| Number of dependents | | |
| Marital Status (Answer only if this financial statement is provided in connection with a request for secured credit or applicant is seeking a joint loan with spouse.) | | |

Applicant Signature _____ (date)

Co-Applicant Signature _____ (date)



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