



## **Guidelines for Business Expansion and Development Revolving Loan Fund** **(BE&D RLF)** updated 2016

**Purpose:** *The loan may be used to start, purchase, or relocate a business to Smith Center, KS that does not require the creation of new jobs. The BE&D RLF is not intended to compete with banks as the primary lender. The interest rate is 0% for the first two years and 5% thereafter.*

1. Potential Smith Center Economic Development (SCED) Business Expansion and Development Revolving Loan Fund (BE&D RLF) loan applicants must meet with the Director to outline project and request an application.
2. Retail Businesses must be located in Smith Center
  - a. Home-based businesses are eligible if the home is in Smith Center
  - b. The business must remain inside the Smith Center, KS city limits. If the business is moved outside the city limits, the loan is payable in full.
3. Businesses creating primary jobs may be located within reasonable proximity to the city limits. (Refers to industries that produce more goods and services than can be consumed by the local economy, and therefore export a significant portion of them. A major benefit of primary jobs is that external funds are infused into the local economy, and therefore have a substantial impact on output, employment, and wages. A common example is manufacturing.)
4. Applicant will meet with Kansas Small Business Development Center (KSBDC) to develop a business plan with income, expense and cash flow projections and a marketing plan. The completed plans must accompany the application. <http://www.fhsu.edu/ksbdc/Consultation/>
5. Loan may be used for **tangible items** such as, but not limited to:
  - purchase an existing business
  - purchase property on which to build
  - construct, renovate, or expand an existing building
  - purchase equipment, tools or inventory
6. SCED may accept second collateral position depending on proposal. **The BE&D RLF is not intended to compete with banks as the primary lender.**
7. The application must be complete for consideration. All required documents and any additional requested verification will be attached to the application.
8. The completed application will be submitted to the SCED Director 2 weeks before presenting the loan request to the SCED board. The director will provide printed copies to board members for consideration.
9. Successful Applicants must insure property with full coverage for replacement value of building, equipment, tools and inventory purchased with the loan. SCED will be listed as lien holder on the insurance policy.

## **Required Documents:**

### Project Financial Need Narrative

*Explain why you need the BE&D RL. Describe why the borrower or the principals cannot, or will not, provide additional funds from their own sources. (Satisfactory reasons include the need to reserve cash for working capital, the exhaustion of resources, an inadequate rate of return, etc.)*

Letters of commitment or rejection from other sources of funding

KSBDK Business Plan with income, expense & cash flow projections & marketing plan

<http://www.fhsu.edu/ksbdc/Consultation/>

Copies of last 2 years income tax returns

Financial Statements - Assets & Liabilities

Signed personal guarantee(s)

Copy of Annual Credit Report (available at no charge)

For more information on obtaining your free credit report, visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 877-322-8228.

## **Documents that may be requested depending on proposal:**

Copy of Proposed Purchase Agreement

Copy of Building Inspection Report

Copy of Property Appraisals

Copy of Real Estate Contracts

Copy of Existing &/or Proposed Lease Agreement

Copy of Existing &/or Proposed Franchise Agreement

Copy of Partnership Agreement

Copy of Articles of Organization

Incentives Request Form

Other verification may be requested