

Douglas County E-Community Loan Program

Serving Small Business Development & Expansion for the
Communities of

Baldwin City
Eudora
Lecompton

Application Packet

**Baldwin City Economic
Development Corporation**

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About the Program:

The Douglas County E-Community Loan Program is a collaborative effort among the three communities of Baldwin City, Eudora, and Lecompton, and Douglas County. The program was created in order to assist inspiring entrepreneurs and current small business owners with creating new, successful, business ventures or expanding their current operations in the communities of Baldwin City, Eudora, and Lecompton.

The Douglas County E-Community Program was created with the assistance of the Kansas Center for Entrepreneurship, also known as Network Kansas. Network Kansas, established by the Kansas Economic Growth Act of 2004, mission is “to promote an entrepreneurial environment throughout the state of Kansas by establishing a central portal that connects entrepreneurs and small business owners with the right resources – expertise, education, and economic resources-when they are needed most.”

Details of the Program:

The purpose of the Douglas County E-Community Program is to encourage small business development and retention by assisting inspiring entrepreneurs and established small business owners with the financial and technical resources needed to create and expand successful businesses.

Qualifying entrepreneurial projects include; startup businesses, existing business purchases or existing businesses desiring to expand. Funding applications will be for low interest loan requests only. The minimum funding request will be \$2,500 with a \$25,000 maximum amount available per applicant business. In addition to the Douglas County E-Community funds, each business will also be required to obtain approval for a 40% matching loan or grant from another NetWork Kansas eligible partner per a requirement of NetWork Kansas.

NetWork Kansas funding partners include, but are not limited to:

- Certified Development Companies
- SBA 504, SBA 7a
- Revolving Loan Program (RLF)
- Microloans
- Regional Foundations (RBDTC Program)
- Kansas Main Street Program
- Kansas Department of Commerce - Value Added Loan
- Community Foundations
- USDA
- Douglas County Revolving Loan Fund
- Banks & other Lending Institutions

Please visit Network Kansas's website: <http://www.networkkansas.com/resource-partners>, for a comprehensive listing of available Resource Partners.

How the Program Works:

The Douglas County E-Community Loan Program provides gap financing for new and existing entrepreneurs. Gap financing is the amount of money needed when conventional lenders are unwilling to assume 100% of the risk of lending. Per state law, in order to access funds from the Douglas County E-Community Loan Program, applicants must secure at least 40% of the gap financing needed from some other source, such as the Douglas County Revolving Loan, the Eudora Downtown Business Grant, the Baldwin City Revolving Loan Fund, some other public funding mechanism, or even a banking/lending institution.

E- Community Funding Example

Assume the applicant needs a total of \$100,000 for business startup costs. Also, assume the applicant has \$15,000 of their own capital and the bank will loan them \$45,000.

The remaining \$40,000 needed to finance the project is known as the "gap". Of the remaining \$40,000, the NetWork Kansas funding partner must provide at least \$16,000 (40%). This then leaves a final gap of \$24,000 (60%) which can be provided by the E-Community fund.

Douglas County E-Community Guidelines:

Who Qualifies?

Anyone wishing to start, purchase, or expand a business in Baldwin City, Eudora, or Lecompton

Use of Funds:

- Purchase of business equipment including vehicles
- Purchase of business inventory
- Purchase of real estate
- Real estate improvements
- Collateralized working capital

Businesses That Do Not Qualify:

- Non-profit organizations
- Academic institutions
- Gambling concerns
- Speculative concerns
- Lending or investment institutions

Fees:

- \$50.00 non-refundable application fee

Funds May Not Be Used For:

- Paying off or refinancing existing debt
- Salary, owner's draw, or payroll taxes
- Personal vehicles
- Accounts receivable financing
- Multilevel marketing or pyramid sales

Repayment:

- 1% over New York Prime rate, fixed for the loan term.

Loan Terms:

- Terms will match up to the 1st mortgage or first lien's notes terms.

Collateral:

- All loans will be collateralized.

Although the intent of the program is to provide “gap” financing for small businesses and entrepreneurs, because the E-Community program is administered locally, E-Community loan requests for less than \$10,000 will not be required to have the support of a banking institution; unless otherwise determined by the Financial Review Board. However, the 60/40 match component is still required.

Collateral for all lending projects will be shared based on participation in the project.

Application Process:

Included in this packet is the Douglas County E-Community Loan Program Application. In order to be considered for funding, Douglas County E-Community Fund applicants must submit an official application. Applications must be completed in full, non-completed applications will not be reviewed. In addition to completing an application, applicants will be asked to submit the following supplemental material:

E-Community Loan Requests Over \$10,000	<u>E-Community Loan Requests \$10,000 & Under</u>
<ul style="list-style-type: none"> • Completed business plan • Resumes for the principals of the business • Loan commitment letter from lending institution explaining the rate and terms of the loan 	<ul style="list-style-type: none"> • Completed business plan • Resumes for the principals of the business • Financial statements including projected cash flow statement, balance sheet, and break-even analysis • Copy of applicant’s driver’s license • Tax returns (3 years)

Completed applications will be reviewed by the Douglas County E-Community Financial Advisory Board, who is tasked with making decisions with regards to application approval and subsequent funding. The Financial Advisory Board will review applications deemed complete by the local managing agency of where the applicant business is located.

For applicants requesting an E-Community loan of \$10,000 or less, the following must be met:

- Applicant must have a mid FICO score of at least 640.
- Applicant must have a debt coverage ratio of at least 1.2.

The Douglas County E-Community Financial Advisory Board will meet as needed. All application reviews will require an interview process. It will be the responsibility of the local managing agency to notify applicants of the progress of their application and their respective interview. The following rubric will be used to determine the loan awards. Applicants should use

the rubric below to guide their decisions when preparing an application. Applicants who receive a score of 75 or higher will receive a loan from the Douglas County E-Community program.

Criteria	Total Points Possible	Score
Financial Soundness	25	
Owner/operator experience and business plan	20	
Potential Economic Impact (projected growth in sales or employment)	20	
Personal Capital Contribution, third-party funding, and NetWork Kansas partner match	15	
Sustainability/Future Growth Potential	10	
Quality of Life Impact	10	
Total	100	

Applications approved for funding will be notified within 30 days from the applicant’s date of review by their local managing agency. Applicants denied funding will be provided with a list of considerations to be addressed before a subsequent application may be submitted. Revised applications may be re-submitted no sooner than 30 days after initial presentation to the Financial Advisory Board.

All businesses that receive loans will be input into the NetWork Kansas Business Trakker software database for semi-annual follow-up by a NetWork Kansas councilor. In addition, the business contact person will agree to the terms described in the Marketing Release of Information Declaration. All information regarding the decision of the board will be provided to NetWork Kansas. The application and a check request will be sent to the Kansas Center for Entrepreneurship for processing.

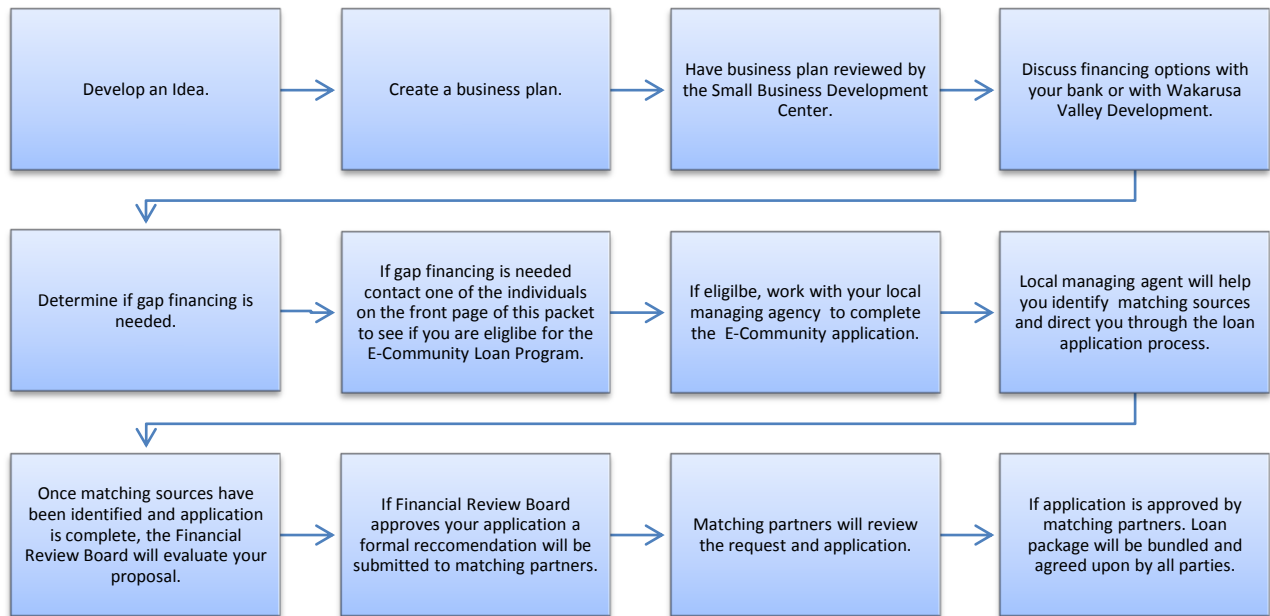
Douglas County E-Community Application Checklist

- E-Community Application
- Completed Business Plan
- Resumes of Principals
- Financial Statements -balance sheet, projected cash flow statement, break-even analysis (required only for applicants requesting an E-Community loan under \$10,000)
- Tax Returns - personal and business, 3 years (required only for applicants requesting an E-Community loan under \$10,000)
- Loan Commitment Letter (required only for applicants requesting \$10,000 or more)

- Borrower's Authorization (required only for applicants requesting an E-Community loan under \$10,000)
- Copy of applicant's driver's license (required only for applicants requesting an E-Community loan under \$10,000).

Completed applications may be submitted to any of the local managing agencies listed on the front page of this application packet.

Application Process Flow Chart



E-Community Application

Applicant Information

Applicant:			Telephone #:
Address:			Email:
Co-Applicant:			Telephone #:
Address:			Email:
Name of Business:			Tax ID:
Street Address:			Telephone #:
City:	State:	Zip:	Date Established:
Structure: (Please check the box to the left)			Is this business: (Please check the box to the left)
<input type="checkbox"/>	Sole Proprietorship		<input type="checkbox"/> New
<input type="checkbox"/>	LL Corporation		
<input type="checkbox"/>	C Corporation		<input type="checkbox"/> Existing
<input type="checkbox"/>	Partnership		
<input type="checkbox"/>	S Corporation		

Management

Proprietor, partners, officers, key employees, and all shareholders of outstanding stock – 100% of ownership must be shown. Use a separate sheet if necessary. In addition to listing the required management information, please include resumes for all listed employees and owners as part of this application.

Name:		Title:	Social Security #:	
Address:		Telephone #:	% Owned	
Email:				

Name:		Title:	Social Security #:	
Address:		Telephone #:	% Owned	
Email:				

Name:		Title:	Social Security #:	
Address:		Telephone #:	% Owned	
Email:				

Banking/Financial Contact Information

If your business currently has outstanding loans or other financial assistance, please provide those institutions' contact information. Use a separate sheet if necessary

Name of Bank:	Telephone #:
Address:	
Name of Financial Consultant:	Telephone #:
Address:	

Does the entrepreneur or small business owner have a tax liability in arrears with the Kansas Department of Revenue or IRS? If yes, please explain.

Brief Project Description:

[Empty box for project description]

Job Creation/Retention for Full-Time Equivalent Employees (FTE)

How many FTEs are currently employed by your business? _____

How many new FTE jobs will be created? _____

How many FTE jobs will be retained? _____

Existing Positions Summary

Job Title	Number of FTE* Positions	Wage Scale

*Full-time equivalent

New Positions Summary

Job Title	Number of FTE* Positions	Wage Scale

*Full-time equivalent

Requested Funding Information

Source of Funding	Amount
Applicant (s) Capital/Down Payment	
Name of Bank:	
Name of NetWork Partner :	
Douglas County E-Community	
Totals	

Date funding is needed? _____

What will the funds be use for?

- Business Start-up
- Expansion of an existing business
- Purchase of an existing business

List any additional funding and the amount that will be utilized in the project that has not already been listed above (bank loans, other investors, family, equity injections, etc...)

Please provide an itemized list of how the E-Community funds are expected to be utilized for this project.

Intended Use	Amount

Please explain what the benefit to the community from funding this project will be? (use a separate sheet if necessary)

Balance Sheet

Note: if financial statements are available in another format, please provide them rather than completing this form.

Assets

Cash _____

Accounts Receivable _____

Inventory _____

Other Current Assets _____ (describe)

Total Current Assets _____

Equipment _____ (attach list)

Vehicles _____ (attach list)

Buildings _____ (attach list)

Land _____ (attach list)

Accumulated Depreciation _____

Total Fixed Assets _____

Total Assets _____

Liabilities

Accounts Payable _____

Taxes Payable _____

Wages Payable _____

Short-term Notes Payable _____

Total Current Liabilities _____

Long-term Notes Payable _____

Total Long-term Liabilities _____

Total Liabilities _____

Total Liabilities _____

Balance Sheet, cont.

Capital Stock	_____	
Retained Earnings	_____	
Current Earnings	_____	
Partner's Investment	_____	
Owner Draws	_____	
Total Equity		_____
<u>Total Liabilities and Equity</u>		_____

Income Statement – Year 1

Company: _____

January 1, _____ to December 31, _____

Income

Gross Sales _____

Less Returns and Allowances _____

Net Sales _____

Cost of Goods _____

 Merchandise Inventory, January 1 _____

 Purchases _____

 Freight Charges _____

 Total Merchandise Handled _____

 Less Inventory, December 31 _____

Cost of Goods Sold _____

Gross Profit _____

Interest Income _____

Total Income _____

Expenses

Salaries _____

Utilities _____

Rent _____

Office Supplies _____

Insurance _____

Advertising _____

Telephone _____

Income Statement – Year 1, cont.

Travel and Entertainment _____

Dues & Subscriptions _____

Interest Paid _____

Repairs & Maintenance _____

Taxes & Licenses _____

Total Expenses _____

Net Income _____

Income Statement – Year 2

Company: _____

January 1, _____ to December 31, _____

Income

Gross Sales _____

Less Returns and Allowances _____

Net Sales _____

Cost of Goods _____

 Merchandise Inventory, January 1 _____

 Purchases _____

 Freight Charges _____

 Total Merchandise Handled _____

 Less Inventory, December 31 _____

Cost of Goods Sold _____

Gross Profit _____

Interest Income _____

Total Income _____

Expenses

Salaries _____

Utilities _____

Rent _____

Office Supplies _____

Insurance _____

Advertising _____

Telephone _____

Income Statement – Year 2, cont.

Travel and Entertainment _____

Dues & Subscriptions _____

Interest Paid _____

Repairs & Maintenance _____

Taxes & Licenses _____

Total Expenses _____

Net Income _____

Income Statement – Year 3

Company: _____

January 1, _____ to December 31, _____

Income

Gross Sales _____

Less Returns and Allowances _____

Net Sales _____

Cost of Goods _____

Merchandise Inventory, January 1 _____

Purchases _____

Freight Charges _____

Total Merchandise Handled _____

Less Inventory, December 31 _____

Cost of Goods Sold _____

Gross Profit _____

Interest Income _____

Total Income _____

Expenses

Salaries _____

Utilities _____

Rent _____

Office Supplies _____

Insurance _____

Advertising _____

Telephone _____

Income Statement – Year 3, cont.

Travel and Entertainment _____

Dues & Subscriptions _____

Interest Paid _____

Repairs & Maintenance _____

Taxes & Licenses _____

Total Expenses _____

Net Income _____

Loan Verification

If you currently have an outstanding business loan, please have the information below verified.

To: _____ Date: _____

The undersigned has applied to the Douglas County E-Community Loan Program for business assistance in the form of a low interest loan. In order to help evaluate this application, please verify or correct the following accounts with your institution.

Loan Account:

Number: _____ Balance: _____
Average Balance past _____ months: _____

Number: _____ Balance: _____
Average Balance past _____ months: _____

Number: _____ Balance: _____
Average Balance past _____ months: _____

Payment History: Please list number of late payments by corresponding delinquency (if none, please list "none")

_____ Over 30 days _____ Over 60 days _____ Over 90 days _____ Over 120 days

I hereby authorize you to release the above information.

Customer Date

Customer Date

Lending Institution

Authorized Signature: _____ Date: _____

Authorization to run a Credit Check

I hereby authorize the servicing bank or other investigative agency representing the Douglas County E-Community Loan Program to investigate my credit history and financial responsibility.

Authorized Signature: _____

Title: _____

Date: _____

Marketing Release of Information Declaration

By submitting an application for financial assistance from the E-Community Fund, both the NetWork Kansas Resource Partner and the Client (prospective grant or loan recipient) agree to the following Marketing Release of Information to be used by the Kansas Center for Entrepreneurship (DBA NetWork Kansas) for the purpose of promoting the successful delivery of services to entrepreneurs and small business owners.

Upon receiving notification that the E-Community has selected the Client to receive financial assistance, the Client agrees to provide pertinent information to the NetWork Kansas Marketing Manager and/or Director for the purpose of preparing a news release for distribution to other Resource Partners and media outlets as determined by the NetWork Kansas Marketing Manager.

Information for the news release will be obtained primarily from the E-Community application, the Resource Partner, the grant/loan recipient's web sites and previously published information, and by phone interviews with representatives of both parties.

NetWork Kansas will make accommodations to withhold all information identified by the Client as being sensitive or competitive in nature, particularly when this information is not previously published. All parties named in the release will receive a final copy of the news release prior to distribution in order to verify the accuracy of all information contained therein.

NetWork Kansas will disseminate a news release and related information to external media outlets only after the StartUp Kansas loan or grant is approved and closed by the Resource Partner.

In addition to disseminating the resulting news release to media outlets, NetWork Kansas may distribute all or part of the news release and related information to organizations, networks and individuals via e-mail, NetWork Kansas and third-party web sites, blogs, instant messaging, chat rooms, message boards, et. al.

I have read and agree to the terms described in the Marketing Release of Information Declaration.

YES

NO

Authorized Business Representative

Date

Authorization to Release Information

I/we hereby authorize the Douglas County E-Community Loan Program Leadership Team or any of its affiliates to make all inquiries it deems necessary to verify the accuracy of the information provided herein, and to determine my/our creditworthiness for any purpose related to our credit transactions with them. I/we hereby certify that the enclosed application information including attachments/ exhibits is valid and correct to the best of my/our knowledge.

I/we hereby authorize the Douglas County E-Community Leadership Team to furnish relevant information to all necessary sources including various federal, state, and conventional funding opportunities to obtain the best sources for the project.

I/we further agree that I/we shall indemnify and hold the Douglas County E-Community Leadership Team harmless from any claim or cause of action arising because of incorrect, inaccurate or incomplete information furnished by me/us, whether the furnishing of such incorrect, inaccurate or incomplete information was accidental or intentional and in consideration of the Douglas County E-Community Leadership Team assistance, I/ we waive all claims against Douglas County E-Community Leadership Team or any of its affiliates arising from this assistance.

Signature

_____-_____-_____
Social Security No.

Date

Signature

_____-_____-_____
Social Security No.

Date

Request for Taxpayer Identification Number and Certification

**Give form to the
requester. Do not
send to the IRS.**

Print or type See Specific Instructions on page 2.	Name (as shown on your income tax return)	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
	Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	City, state, and ZIP code	
	List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
OR
Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,