

Please Review Program Guidelines and Application Help on Page 3-4

**Applicant:** \_\_\_\_\_ **EIN:** \_\_\_\_\_

**Address:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Address:** \_\_\_\_\_ **Alternate/Cell Phone:** \_\_\_\_\_

**Project Address:** \_\_\_\_\_

**Contact Name:** \_\_\_\_\_ **Email:** \_\_\_\_\_

☐ **Co-Applicant or** ☐ **Benefiting Business:** \_\_\_\_\_ **EIN:** \_\_\_\_\_

**Co-Applicant Address:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Co-Applicant Address:** \_\_\_\_\_ **Alternate/Cell Phone:** \_\_\_\_\_

**Business Website:** \_\_\_\_\_ **Fax:** \_\_\_\_\_

**Entity Type:** \_\_\_\_\_ **NAICS:** \_\_\_\_\_ **Date Business Established:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**Annual Revenues:** \_\_\_\_\_ **Tell us about your business:** \_\_\_\_\_

**Business Owners:**

| Name | SSN | Address | Office Held/Title | % of Ownership |
|------|-----|---------|-------------------|----------------|
|      |     |         |                   |                |
|      |     |         |                   |                |

**Loan Amount Requested:** \$ \_\_\_\_\_ **Capital Investment:** \$ \_\_\_\_\_

**Loan Purpose:** \_\_\_\_\_

**Collateral:** \_\_\_\_\_

**Guarantor Name:** \_\_\_\_\_ **Guarantor Name:** \_\_\_\_\_

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

**City:** \_\_\_\_\_ **State:** \_\_\_\_ **Zip:** \_\_\_\_ **City:** \_\_\_\_\_ **State:** \_\_\_\_ **Zip:** \_\_\_\_

**SSN/EIN:** \_\_\_\_\_ **SSN/EIN:** \_\_\_\_\_

**Email:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Phone:** \_\_\_\_\_ **Phone:** \_\_\_\_\_

**Sources and Uses:**

**Project Costs:**

Land Cost: \_\_\_\_\_  
Building Cost: \_\_\_\_\_  
Equipment Cost: \_\_\_\_\_  
Working Capital: \_\_\_\_\_  
Legal/Closing Fees: \_\_\_\_\_  
Contingency/Other: \_\_\_\_\_  
**Total:** \_\_\_\_\_

**Sources of Funds:**

Bank: \_\_\_\_\_  
VSBEA: \_\_\_\_\_  
Other Govt: \_\_\_\_\_  
Cash Equity: \_\_\_\_\_  
Other Lender: \_\_\_\_\_  
Contingency/Other: \_\_\_\_\_  
**Total:** \_\_\_\_\_

**Participating Lender:**

Name: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Address: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

**Borrower's Attorney:** \_\_\_\_\_  
**Law Firm:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_  
**Email:** \_\_\_\_\_

**Lender's Attorney:** \_\_\_\_\_  
**Law Firm:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_  
**Email:** \_\_\_\_\_

## Certification as a Small Business:

1. Does the business have 250 or less employees: ☐ Yes ☐ No
2. Does the business have less than \$10,000,000 in annual gross revenues over each of the last three fiscal years: ☐ Yes ☐ No
3. Does the business have less than \$2,000,000 in net worth: ☐ Yes ☐ No
4. Is the business currently operating in Virginia: ☐ Yes ☐ No

## Background Data: Answer the following questions and provide comments on questions answered "yes"

1. Have any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business been convicted of any criminal offense, other than minor motor vehicle violations? ☐ Yes ☐ No
2. Has the business or any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business filed for, or been adjudicated as bankrupt? ☐ Yes ☐ No
3. Is the business or any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business involved in any pending lawsuits? ☐ Yes ☐ No
4. Does the business or any guarantors owe past due federal, state, or local taxes of any nature? ☐ Yes ☐ No
5. Is the Applicant, if a sole proprietorship, and all guarantors U.S. citizens or legal permanent residents? ☐ Yes ☐ No

## Comments:

**Are you a current or past VSBA Customer?** ☐ Yes ☐ No **How did you hear about the VSBA or this Loan Program?** ☐ SBSD Website  
☐ Bank Referral ☐ Economic Development Staff ☐ VSBA Marketing Event ☐ Other \_\_\_\_\_

## Current Employment and Projected Job Creation and/or Retention:

# Full-Time Existing Jobs Located in Virginia \_\_\_\_\_ #Full-Time Existing Jobs Located Outside of Virginia \_\_\_\_\_

# Full-Time Equivalent Jobs Saved in VA as a result of this Financing: \_\_\_\_\_

# Full-Time Equivalent Jobs Created in VA as a result of this Financing \_\_\_\_\_

Average Hourly Wage Rate: \$ \_\_\_\_\_ Provide a brief summary of how loan proceeds will save or create new jobs:

**Government Monitoring Data:** ☐ I do not wish to provide this information

**Sex:** ☐ Female ☐ Male **Ethnicity:** ☐ Hispanic or Latino ☐ Not Hispanic or Latino

**Woman-Owned Business:** ☐ Yes ☐ No **Minority-Owned Business:** ☐ Yes ☐ No **Veteran-Owned Business:** ☐ Yes ☐ No

**Race:** ☐ American Indian or Alaska Native ☐ Asian ☐ White ☐ Black or African American ☐ Native Hawaiian or Other Pacific Islander

## Authorization and Certification:

Applicants and Guarantors authorize the VSBA to investigate all credit history, obtain credit reports, bank references, and any other information required to process this application and as it deems necessary.

The undersigned hereby certifies:

- All information provided in support of this application is true to his/her best knowledge, and is submitted for the purpose of obtaining financial assistance from the VSBA.
- Applicant businesses and applicant Industrial or Economic Development Authorities hereby certify that they do not discriminate against employees or applicants for employment.

If the application is approved, the Borrower agrees to provide VSBA with economic development information (i.e. job creation, wage rates, investment, and revenues) as VSBA may reasonable request while the loan remains outstanding.

VSBA is a political subdivision of the Commonwealth of Virginia all information submitted with this application may be subject to a Freedom of Information Act request.

**Applicant:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**By:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Co-Applicant:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**By:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Guarantor:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Guarantor:** \_\_\_\_\_ **Date:** \_\_\_\_\_

# Economic Development Loan Fund Application

## Program Guidelines

The Virginia Small Business Financing Authority's *Economic Development Loan Fund* is designed to fill the financing gap between private debt financing and private equity. Funds are provided to create economic benefit through increased revenues and the creation of new jobs and the retention of "at risk" jobs in Virginia.

### Eligible Borrowers:

- Industrial or Economic Development Authorities and other Virginia economic development entities **OR**,
- Businesses engaged in technology, biotechnology, tourism, manufacturing, renewable energy, government contractors, basic commercial and industrial companies and those businesses or entities that provide for a locality's economic and "quality of life" development **OR**,
- Businesses which previously derived 15% or more of their revenues from defense-dependent activities and can demonstrate economic hardship related to defense downsizing.

Eligible business applicants must also meet at least one of the following criteria to be an eligible borrower:

- Have \$10 million or less in annual revenues over each of the last three years; or
- Have a net worth of \$2 million or less; or
- Have fewer than 250 employees; or
- Be a 501 (c) 3 entity.

Qualifying borrowers must also:

- Be currently operating in Virginia or in the process of establishing operations within Virginia;
- Be in good standing with the State Corporation Commission or other applicable state or local licensing authority;
- Invest a minimum of 10% equity into the project; and
- Provide a lien on the assets purchased with the loan proceeds (subordinate liens will be considered);
- Certify that they do not discriminate against employees or applicants for employment.

### Eligible Loan Purposes:

- Loan funds may be used for:
- Acquiring land, including engineering, grading, testing, site mapping, and related costs associated with the acquisition and preparation of land;
- Acquisition of buildings, including real estate, engineering, architectural, legal and related costs associated with acquisition, construction, and rehabilitation of buildings;
- Machinery and equipment costs, including delivery, installation, engineering, architectural, legal, insurance, and related costs associated with acquisition and installation of machinery and equipment;
- Leasehold improvements or technology infrastructure;
- Permanent working capital purposes such as professional fees and expenses directly related to a project, relocation expenses, and a demonstrated permanent increase in trading assets due to revenue growth.

**If any portion of the loan proceeds will be used to fund construction**, the borrower must comply with the Davis-Bacon Act and ensure that all laborers and mechanics employed by contractors or subcontractors shall be paid wages not less than those prevailing on similar construction in the locality, as determined by the U.S. Secretary of Labor. Where the land facilitating construction is purchased in part or in whole with EDLF funds, this requirement extends to construction work, including that which is not directly paid for with EDLF funds.

### Ineligible Loan Purposes:

- Loan funds may not be used to:
- Subsidize a business that is able to obtain financing for the project at reasonable terms from conventional sources;
- Make an equity investment in a private business;
- Provide a loan to a borrower for the purpose of meeting the requirements of equity contributions under another Federal agency's loan program;
- Enable a borrower to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire a business to facilitate a significant expansion or increase in investment with a significant increase in jobs. VSBFA's participation is limited to the financing tangible assets. The potential economic benefits must be clearly consistent with the strategic objectives of the EDLF program.
- Provide funds to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit, or any investment unrelated to the program;
- Refinance existing debt, unless Applicant sufficiently demonstrates a "sound economic justification" for the refinancing (e.g., the refinancing will support additional capital investment intended to increase business activities). For this purpose, reducing the risk of loss to an existing lender(s) or lowering the cost of financing to a borrower shall not constitute a sound economic justification;
- Purchase and develop land where a defined development project does not exist and when the land is being assembled purely for a profit motive;
- Finance goodwill;
- Finance gambling activity, performances or products of a prurient sexual nature, or any illegal activity, including the cultivation, distribution, or sale of marijuana that is illegal under Federal law;
- Induce the relocation of existing U.S. jobs located outside of the Commonwealth of Virginia to within the Commonwealth of Virginia in competition with other U.S. jurisdictions for those same jobs.

### Job Creation or Retention:

To qualify, an applicant businesses must:

- Create or save permanent full-time jobs;
- A job is considered "created" if it was created as a result of and attributable to the project, and can be verified by VSBFA as actually created.

**If the application is approved**, the borrower will be required to complete an annual questionnaire indicating the number of full-time equivalent jobs actually created and attributable to the project. Only permanent and direct jobs may be counted; part-time jobs should be converted to full-time equivalents (FTE) by summing the total hours worked per week for all part-time employees and dividing by the standard hourly work-week for full-time employees, normally 35-40 hours.

### Credit Not Otherwise Available:

The Applicant must demonstrate that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.

### Personal Guarantees: (with the exception of municipal borrowers):

The program requires all individuals and business entities owning 20% or more of the applicant business (including a spouse owning 5% or more when the combined ownership of both spouses is 20% or more) to provide a personal guaranty of the loan.

### Program Loan Amounts and Terms:

- **Maximum Loan Term:** The loan will be amortized over the life of the assets being financed. Regardless of the loan amortization, the maximum loan term is 10 years.
- **Minimum Loan Amount:** The minimum loan amount is \$50,000.
- **In economically distressed areas of the state as defined the U.S. Department of Commerce – Economic Development Administration:** the maximum loan amount for each project is 40% of the project costs or, typically, a maximum of \$1,000,000, whichever is less. Larger loan amounts may be considered depending on the project, strength of the borrower, expected job creation or retention and the level of economic distress within the locality where the project will be located.
- **For non-distressed areas of the state:** the maximum loan amount is \$500,000 or 40%, whichever is less.

**Program Fees:** There is a \$500 non-refundable application fee. If approved, the Borrower will pay all closing and legal fees associated with the loan closing.

## Economic Development Loan Fund Application

### Application Help

If you have additional questions or need information, please contact the VSBFA at 804-786-1049 or email us at [VSBA@sbsd.virginia.gov](mailto:VSBA@sbsd.virginia.gov). Additional information about this program and the other services offered by the Department of Small Business and Supplier Diversity can be found at [www.sbsd.virginia.gov](http://www.sbsd.virginia.gov)

**Entity Type:** Provide the legal business structure of the business as registered with the State Corporation Commission (SCC). Examples are sole proprietorship, partnerships, LLC, LLP, C Corp, S Corp, Non-Profit Corp. etc.

**Annual Revenue:** Supply the last full year's revenue figure.

**NAICS:** The applicant's North American Industry Classification System code can be determined at <https://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

**Business Owners:** List all owners, officers, directors, and general partners of business and stockholders or limited partners owning 20% or more of business. Include any spouses owning 5% or more when the combined ownership of both spouses is 20% or more.

### Loan Purpose and Collateral:

Describe specifically how the loan funds will be used. The loan proceeds must meet eligibility guidelines as outlined above. VSBFA's loan will typically be secured by a lien on the assets being financed. Depending on the transaction structure and other participating lenders, a subordinate lien position may be considered if required by the primary lender.

**Capital Investment:** To qualify, the applicant must inject new equity into the project.

**Cost and Sources:** Provide the details on the entire project regarding all expected costs and funding for underwriting purposes.

**Projected Job Creation:** Loan proceeds must create or save full time jobs. Enter data based on the best evaluation. This is a requirement of the program.

**If the application for the Economic Loan Development Loan Fund is approved, the borrower will be required by VSBFA to complete an annual questionnaire and provide updated economic impact data, including the number of full-time equivalent jobs created by the borrower and the average wage rate for those jobs.**

### Government Monitoring Data:

This data is used to determine the usage of VSBFA programs within the small business community. You are not required to provide this information, but are encouraged to do so. VSBFA does not discriminate on the basis of this information. This information will have no bearing on VSBFA's credit decision for this application. If you do not wish to provide the information a selection is provided.

**Woman-Owned, Minority-Owned, or Veteran-Owned Business:** Select yes for designation if at least 51% of business is owned by one or more of the designated categories.

### Where and How to Submit an Application:

**Email:** [VSBA@sbsd.virginia.gov](mailto:VSBA@sbsd.virginia.gov)  
**Mail:** P.O. Box 446, Richmond, VA 23218-0446

**Express Mail/Hand Delivery:** 600 East Broad Street, Suite 300, Richmond, VA 23219

### What to provide with the Application:

- Completed and signed copy of this *Economic Development Loan Fund* Application and a check for the \$500 application fee;
- Organizational documents evidencing the required authority to borrow or pledge assets of the applicant;
- Certificate of Good Standing or Certificate of Fact from the SCC or other applicable state or local licensing authority for the applicant business;
- Copy of valid driver's license for owners with a 20% or greater ownership and each guarantor;
- Applicant's business plan which includes pro-forma cash flow projections during the initial 24 months of the loan;
- If existing business, most recent three years of business tax returns or business financial statements of the Applicant;
- Most recent two years of personal tax returns on all guarantors;
- Current personal financial statements from all guarantors.

### Application Process: What to Expect from the VSBFA

Completed applications will be reviewed and you will be contacted if additional information is required. Initial review of the application will generally be made within a few business days. You will be notified of the credit decision and informed of the next steps in the loan process if approved.

### Freedom of Information Act

Unless prohibited by law and to the extent required under the Freedom of Information Act (FOIA), contents of the Application and other information submitted by the Applicant may be released in response to a FOIA request. Applicant should be aware that EDA may make certain Application and other submitted information publicly available. Accordingly, as set forth in 15 CFR § 4.9, Applicant should identify any "business information" it believes to be protected from disclosure pursuant to 5 U.S.C. § 552(b)(4).