

## **LIBERTY COMMUNITY DEVELOPMENT CORPORATION BUSINESS LOAN PROGRAM**

Financial assistance for small businesses is available through an economic development loan fund if your business is located in the Liberty Community Development Corporation's Target Area. Your business must help create or retain jobs that benefit low to moderate income individuals. This is a loan program and grant funds are not available. A nine member loan review committee and the Liberty CDC Board are responsible for administration of the loan fund.

### **ELIGIBILITY**

Small businesses located or planning to locate in the Liberty CDC Target Area are eligible.

### **LOAN USAGE**

#### **A Loan can be used for the following purposes:**

- Gap funding to supplement other funds
- Purchasing, constructing or rehabilitating commercial buildings and structures
- Purchasing equipment and fixtures which are a part of the business
- Improving energy conservation

#### **A Loan can not be used for:**

- Purchasing, constructing, or rehabilitating government facilities; schools and educational facilities;
- Purchasing equipment for one's personal use
- Campaigning and political activities
- Constructing new housing

### **LOAN AMOUNT/TERMS**

The loans can range from a minimum of \$1,000 to a maximum of \$5,000.

**All loans are subject to availability of funds.**

The maximum term of the loan is five (5) years or 60 months of equal installments. Loan terms include a 90 day deferral of interest and principle from time of disbursement.

### **INTEREST RATE AND FEES**

A simple interest rate of 3 percent per annum is applied. An origination fee of \$50 is due at application to process a request.

### **COLLATERAL**

All loans are secured through collateral. Preference is based on loan to value ratio of 100% although the Liberty CDC will review each applicant individually. Acceptable forms of collateral are required and based on commonly accepted definitions.

### **LOAN REPAYMENT**

Loan payments are due on the first day of the month.

A late payment will be assessed at 4 percent of the payment amount after the loan becomes 15 days overdue. If the loan payment becomes 30 days overdue, the Liberty CDC may implement procedures for the collection of delinquent loans or securing collateral. Loans may be prepaid without penalty.

### **CREDIT HISTORY**

Preference is given to borrowers with a good credit rating; however, the LCDC will consider applicants with credit ratings showing a history of accounts up to 30 days past due. Applicants with bankruptcy or repossessions listed on a credit report will, in most cases, be considered too great a credit risk for the program.

### **JOB CREATION**

Preference will be given to businesses that created job opportunities. The business must make a good faith effort, within reasonable efforts, to make at least 51% of the jobs (created or retained) available to low to moderate income people.

### **APPLICATION PROCESS**

You should call the Liberty CDC Office to request an appointment to discuss the loan process. LCDC staff will review with you the guidelines established for the program, the application form and the items needed for loan processing.

Assistance in the application process is available at the Liberty CDC.

### **SUBMITTING THE APPLICATION PACKAGE**

Be sure to complete the entire application package and make sure you have all the required items to accompany the application form. (See items listing below). Incomplete application packages cannot be processed.

### **LOAN PACKAGE REVIEW**

Applications for requests must be received by the end of the first week in every month. The Liberty CDC staff will review your business plan and tax returns; analyze your financial statements and business performance to determine if you have sufficient cash flow to meet the loan's obligations. The Loan Advisory Committee considers loan requests once a month.

### **APPROVAL**

The loan committee at the direction of the Board will make the loan decision based on the information provided. You may be requested to be present during the committee's meeting. The Liberty Community Development Corporation staff will inform you in writing of the Board's decision.

### **TERMS AND CONDITIONS**

Loan recipient agree to furnish the Liberty CDC with quarterly financial statements

At its discretion, the loan committee may impose additional terms and conditions necessary to strengthen the loan or to secure the CDC's financial interest.

## **DISTRIBUTION OF FUNDS**

Once approved, loan funds are distributed on a reimbursable basis or via valid invoice ONLY.

## **APPEAL OF LOAN DENIALS**

There is no appeal of loan denials. The decision of the Loan Committee is final.

## **COMPLIANCE WITH REGULATIONS**

Loans made from this program must be consistent and in accordance with the Federal Community Development Statutes (24 CFR 570); the N.C. General Statutes dealing with community development (G.S. 160-A-456, 1983 Sessions Laws); and the policies established by the State of NC

## **ITEMS REQUIRED FOR LOAN PROCESSING**

All of the following items must be submitted. Incomplete packages will not be considered.

Official application summarizing project  
Statement of purpose for the loan proceeds including itemized use of funds  
Written estimates of building renovations, equipment, inventory and purchases must be included if applicable  
Statement of how much equity you will be putting into the business  
Statement of collateral offered to secure the loan  
Current financial statements of business (income statement and balance sheet) for existing businesses  
Tax returns for past year (personal and business)  
Personal financial statement for each responsible owner (at least 20% interest)  
Personal credit report for each responsible owner (at least 20% interest)

Business plan consisting of:

- Your company, why it was formed
- History and description of industry
- Competition, what makes you different
- Market study and strategy
- Financial projections including:
  - Month-to-month cash flow projections for two years
  - Projected balance sheet and profit and loss statements for two years
  - Justification of line item sales and expense assumptions

Resumes of owner/operators and other key people

List of current obligations (business and personal)

Business references

Documentation of jobs created:

List, by job title, of jobs to be created or retained and indicate jobs which will be made available to low to moderate income persons, whether a job is full-time or part-time; and which jobs require special skills or education.