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Commercial Loan Program Structure and Application

Introduction

The Berwyn Development Corporation (BDC) commercial loan program is operated in conjunction with the City of Berwyn to retain and improve Berwyn businesses and encourages new business investments within the community. The BDC is an independent, not-for-profit corporation that has established a Commercial Loan Commission, composed of representatives of participating lending institutions. Both the BDC and the Berwyn City Council must approve each loan request made under the commercial loan program.

This program is designed to provide loans from higher than \$10,001 to assist in good-standing existing businesses and to encourage new business projects within Berwyn city limits.

General Loan Criteria

In general, the following broad criteria applies to BDC Commercial Loans:

- Borrowers must become and/or remain members in good standing of the BDC for the life of their loans.
- Borrowers must have or able to obtain a Business License from the City of Berwyn.
- Borrowers must keep their businesses in Berwyn during the term of the loan.
- Borrowers must correct any and all building code violations at the time the loan-sponsored work is completed.

Loan Fund Restrictions

Permitted Fund Uses: Construction, purchase of real estate, rehabilitations, machinery and equipment, installation of commercial and industrial facilities, working capital expenses, inventory, legal and accounting purposes, purchase of furniture or fixtures.

Ineligible Fund Uses: Refinancing existing debt, leasehold improvements, property tax payments, and insurance premiums.

Loan Process:

- The BDC Commercial Loan Commission reviews applications and makes a recommendation to the Board of Directors of the BDC as to whether the loan should be extended.
- The BDC Board of Directors takes action on the recommendation of the Commercial Loan Commission, and makes a recommendation to the Berwyn City Council as to whether the loan should be extended.
- The Berwyn City Council reviews the recommendation of the BDC Board of Directors and makes the final determination as to whether the loan should be extended.

Types of Loans Offered

Loans are extended for the following purposes:

- Facade Improvement – To finance 50% of business owner’s facade rehabilitation project.
- Startup – Short-term loans to businesses just getting started in order to encourage entrepreneurship, to support new businesses, and to foster a diverse business mix in the City. Any business expense will be considered.
- Up and Coming – Loans to businesses ready to grow in order to create new jobs, to stimulate property redevelopment, to increase sales tax revenues, and to expand and modernize existing businesses. Any business expense will be considered.
- Cornerstone – Loans to help well-established businesses expand or improve their operations to create new jobs, to stimulate property redevelopment, and to increase tax revenues for the City. Fixed asset purchase or improvement, purchase of a business, and gap financing are eligible expenses.

Application Fee

The BDC and the City require program applicants to supply the BDC with a completed loan application and a nonrefundable application fee of two hundred and fifty dollars (\$250). Closing costs which average \$5,000 will be needed at the time of closing. The closing costs cover the legal and administrative fees to draft needed loan documents. Applicant will be directly responsible for other items such as obtaining credit report and score, appraisal, other needed items to underwrite the loan.

Loan Terms

Interest Rate: The interest rate of each approved loan may be established annually and keyed to an index rate based on the prime rate on December 1.

Loan Term: Loans are generally extended for three to five-year terms, but may be amortized over 20 years.

Collateral: All loans must be secured. Collateral may include, but is not limited to Business and Personal assets. A Personal Guaranty may also be required.

Loan Disbursement: A check will be issued to the vendor after invoices are submitted to the Berwyn Development Corporation. A line-item documenting the disbursement of funds will be provided to the commission after all necessary work or payments have been completed (no longer than 6 months).

Late Fees: A \$45.00 late fee will be charged for late payments. A 10-day grace period will be in effect. There are no prepayment penalties.

Equity: The owner must contribute 10% of the project cost in the form of equity

The information you provide in this application will be held strictly confidential. This application will expire 60 days after submission. Please fill out the application completely; incomplete applications will not be considered. This application must be submitted with a copy of your Driver's License or State-Issued ID in order to be processed.

Please print in blue or black ink or fill in the fields and print.

I. Applicant Information:

Name of applicant: _____

Contact person or other individual authorized to sign application on behalf of a business: _____

Social Security Number (of individual): _____

Employee Identification Number: _____

Personal residence address: _____

Street

City _____ State _____ Zip Code _____

Personal phone number: _____ Personal fax number: _____

II. Address of Berwyn property for which funds are sought (if known):

Street

III. Owner(s) of property listed in answer to question #2 (if different than applicant).

Name of individual owner(s): _____

Business name (if any): _____

Contact person or other individual authorized to sign application on behalf of a business: _____

Name _____ Title _____

Berwyn business address: _____

Street

City _____ State _____ Zip Code _____

Berwyn phone number: _____ Berwyn fax number: _____

Primary business address (if different than Berwyn business address): _____

Street _____

City _____ State _____ Zip Code _____

Non-Berwyn phone number: _____ Non-Berwyn fax number: _____

IV. Business Information

Name of business: _____

Berwyn business address: _____

Street

City _____ State _____ Zip Code _____

Berwyn phone number: _____ Berwyn fax number: _____

Name of non-Berwyn business (if different than Berwyn business address): _____

Primary business address (if different than Berwyn business address): _____

Street _____

City _____ State _____ Zip Code _____
Berwyn phone number: _____ Berwyn fax number: _____
Name of non-Berwyn business (if different from above) _____

V. Business Organization:

Indicate with an "X" the manner in which your business is organized.

- Sole proprietorship
- General partnership
- Limited liability company
- Limited partnership
- S corporation
- 501 (c) corporation
- Other; Explain: _____
- If incorporated, the state of incorporation: _____

VI. With respect to the business of the applicant, identify all other partners, owners, or shareholders and their percentage of ownership. You may add additional pages, if necessary.

Name: _____ % of ownership: _____
Social Security Number: _____
Personal residence address: _____

Street

City _____ State _____ Zip Code _____
Personal phone number: _____ Personal fax number: _____
Name: _____ % of ownership: _____

Social Security Number: _____
Personal residence address: _____

Street

City _____ State _____ Zip Code _____
Personal phone number: _____ Personal fax number: _____
Name: _____ % of ownership: _____

Social Security Number: _____
Personal residence address: _____

Street

City _____ State _____ Zip Code _____
Personal phone number: _____ Personal fax number: _____

VII. With respect to your business, please list the following:

A brief description of the business: _____

The year the business was established: _____

The number of years this business has been located in Berwyn: _____

Number of employees: _____

VIII. Are you a member of the Berwyn Development Corporation (BDC)? BDC membership for the life the loan is required if funds are allocated to the applicant.

- Yes
- No

IX. Conflict of Interest:

If you answer "yes" to any of the subparts in the following question, please explain in the space indicated. Is any owner of the property or of the business located at the property listed in the answer to question #1:

- a. Related to an elected or appointed official of the City of Berwyn?
 Yes No
- b. Routinely a party to a contract with the City to provide goods or services?
 Yes No
- c. An employee of the City of Berwyn?
 Yes No

If you answered "yes" to any subpart, explain:

X. Disclosures

- a. Have you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) ever been involved in bankruptcy or insolvency proceedings?
 Yes No
If so, explain and include the jurisdiction and case number.

- b. Are you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) involved in pending lawsuits?
 Yes No
If so, indicate case caption (the parties), the jurisdiction, and case number. Also, include a brief description of the nature of the claim and the damages being sought.

- c. Have you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) previously participated in any TIF program or Commercial Loan program of the City of Berwyn or the Berwyn Development Corporation?
 Yes No
If yes, provide details of participation.

- d. Have you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) previously been convicted of a felony?
 Yes No
If so, you are required to provide a criminal background check.

XI. Purpose of the Loan:

Mark the appropriate space(s) with an "X" to indicate the proposed use of the funds from the loan.

- a. Coordinated with City of Berwyn Program Assistance
_____ owner's 50% of a façade rehabilitation project
_____ owner's 50% of a parking lot paving project
_____ other project (specify): _____

If applicant is a lessee, a letter from the owner or the owner's authorized agent (such as the leasing agent or attorney) or a copy of the signed lease, giving the applicant permission to make the leasehold improvements, must accompany the application.

Lease in the name of: _____ Length of the lease: _____

b. Amount requested: _____

c. Loan term requested:
___ one year, amortized over ___ years (maximum 15 years)
___ two years, amortized over ___ years (maximum 15 years)
___ three years, amortized over ___ years (maximum 15 years)
___ other: _____

d. Collateral-describe and list its value and any amount owing on it: _____

Name of entity/individual owning the collateral: _____

If different than applicant, SSN #: _____

or EIN identification #: _____

Street _____

City _____ State _____ Zip Code _____

Phone number: _____ Fax number: _____

___ Mark with an "X" if a trust is involved and on a separate sheet: (1) list all beneficiaries and/or those who may have been assigned a beneficial interest in the property (including name, social security number, residence address, and phone number) and their respective percentages, and (2) precisely describe the role of the trustees in the project.

e. Repayment source: _____

XII. Loans/mortgages – please list all loans, mortgages, lines of credit, installment debt, and leases of the borrower or the above named parties. Include, without limitation, debt incurred by security agreements, chattel mortgages, conditional sales contracts, and retail installment contracts. If none, write “NONE.”
 (The table on the next page is intended for real estate mortgages.)

Table A. Loans other than for real estate.

Financial Institution	Loan Type	Purpose	Original Amount	Original Date	Unpaid Balance	Maturity Date	Monthly Payment	Collateral

Table B. Real Property Loans

Financial Institution	Loan Type	Purpose	Original Amount	Original Date	Unpaid Balance	Maturity Date	Monthly Payment	Collateral

XIII. The following documentation must accompany the application:

For Category I Loans (principal amount less than \$40,000.00)

- Borrower's personal and business tax returns, with all schedules, for the previous three years.
- Credit report and score
- Collateral appraisal
- Borrower's interim financial statements for the current year.
- Financial statements for any guarantor of borrower.
- If construction is anticipated,
 - project budget
 - description of the project costs and drawings and plan specifications prepared by licensed architect and/or engineer
 - project schedule

For Category II Loans (principal amount requested greater than \$40,000.00)

- All of the above plus the following
- Two-year business plan and cash flow projections
- Project feasibility assessment
- Project cash flow
- Evidence of borrower's equity
- If construction is anticipated,
 - project budget prepared by a construction manager or general contractor
 - description of the project costs and drawings and plan specifications prepared by a licensed architect and/or engineer (as above)
 - project schedule prepared by a construction manager or general contractor

XIV. Project uses and sources of funds

Use	Amount	Lender	Amount	Rate	Term	Amortization	Monthly Debt	Collateral
Land/Building Purchase								
Business Purchase								
Building Construction/Renovation								
Leasehold Improvements								
Equipment								
Contingency								
Other								

Applicant's obligations:

- a. The applicant agrees to hold harmless, indemnify, and defend the City of Berwyn and the Berwyn Development Corporation, and their employees and agents, for any and all liabilities arising out of this application, loan, construction or other projects, and any agreement to share costs, including but not limited to any and all lawsuits or other disputes.
- b. The applicant agrees to maintain a business presence in the City of Berwyn for the life of the loan. The failure to maintain a business presence will require the immediate repayment of all outstanding principal, interest, and any penalties then due in accordance with the terms agreed upon for the loan.
- c. The applicant agrees, by signing this application that all information provided is, to the best of the applicant's knowledge, true and accurate, and the applicant is providing authorization for the BDC to obtain a credit history, as they deem necessary, to determine initial and/or continued credit worthiness.

Signature of Borrower:

_____ Date: _____

Printed Name of Borrower:

_____ Date: _____

Signature of Co-Borrower:

_____ Date: _____

Printed Name of Co-Borrower:

_____ Date: _____

Submission of application:

Include the following:

- Loan Application
- Financial statements: Copies of business and personal tax returns of all owners of the business from the previous 3(three) years
- Proof of General Liability Insurance
- Current Credit Report that includes credit score
- Leases or documentation of property ownership
- Miscellaneous information: Invoices, contracts, estimates of items to be purchased, permits, marketing material, etc.

Provide anything that may enhance the understanding of your business and the project you are seeking to fund.

The completed signed application, supporting documents, and a check for the \$250 covering the non-refundable application fee, made payable and delivered to the:

**Berwyn Development Corporation
Attention: Executive Director
3322 South Oak Park Avenue, 2nd Floor
Berwyn, Illinois 60402**