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Microloan Program Structure and Application

Introduction

The Berwyn Development Corporation (BDC) micro 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. The Commission reviews applications and has final authority for either approval or denial of the loan.

This program is designed to provide loans from \$1,000-\$10,000 to assist in good-standing existing businesses and to encourage new business projects within Berwyn city limits.

Eligibility Checklist:

- Do you operate or plan to operate your business in the City of Berwyn?
- Are you able to provide detailed information about your business venture? Such as, a business plan or revenue forecast?
- Are you able to provide a personal financial statement or last year's tax return?
- If you are a start-up business, do you have an alternate source of income?
- Have you invested savings or personal equity in your business?
- Are you current on all personal and business bills? If not, is there a payment arrangement in place?
- Are you and your business free of active bankruptcies, outstanding tax liens and delinquent child support?
- Are you over 21 years of age? Applicants over 18 may still be eligible but will require a cosigner.
- Is your business a for-profit?
- Businesses not eligible include, but are not limited to, gambling (not as primary source of funds), firearms, retail liquor, and pornography.

General Loan Criteria

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

- Borrowers must have or able to obtain a Business License from the City of Berwyn.
- Borrowers must be in compliance with all city ordinances including applicable building codes.
- Borrowers must keep their businesses in Berwyn during the term of the loan.

Loan Fund Restrictions

Permitted Fund Uses: Construction, 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: Purchase of real estate, refinancing existing debt, leasehold improvements, property tax payments and insurance premiums.

Loan Process:

- 1) The BDC Commercial Loan Commission reviews applications.
- 2) Two members of the BDC Commercial Loan Commission will conduct a site visit, if applicable, prior to loan approval with the potential borrower.
- 3) The BDC Commercial Loan Commission makes the final determination as to whether the loan should be extended.

Application Fee

Businesses that are interested in applying for a loan will be requested to submit an application along with other documents as detailed in the Loan Application.

A nonrefundable application fee is required and must be submitted prior to any review of the request.

The fee should be made payable to Berwyn Development Corporation.

The application fees are based on the loan size as follows:

- Loans \$1,000-\$ 3,000: \$75.00
- Loans \$3,001-\$6,600: \$125.00
- Loans \$6,601-\$10,000: \$175.00

Loan Terms

Interest Rate: Interest rate will be fixed at 8% (eight percent) for the term of the loan and as established by the Loan Commission. The interest rate is reviewed annually by the Loan Commission and is subject to change.

Loan Term: The maximum term of the loan will be three 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): _____

OR

Individual Taxpayer Identification Number: _____

Employer 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): _____

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: _____

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):

City State Zip Code

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

IV. Business Organization:

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

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

V. 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: _____

VI. All business partners that own at least 20% of the business are required to sign as co-borrowers.

Spouses may also be considered co-borrowers.

Name: _____

Social Security Number: _____

Personal residence address: _____

Street

City _____ State _____ Zip Code _____

Personal phone number: _____ Personal fax number: _____

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

Business is: New (under 1 year) Existing

Description of the business _____

How long have you been in business? Years: _____ Months: _____
 Years of experience: _____ The year the business was established: _____
 The number of years this business has been located in Berwyn: Years: _____ Months: _____
 Number of employees:
 Current: Full-time _____ Part-time _____ If loan is approved: Full-time _____ Part-time _____
 If in business longer than 6 months:
 Sales in best month: \$ _____ Month: _____
 Sales in worst month: \$ _____ Month: _____
 Is your business seasonal? Yes No

VIII. Project Description

Describe the nature of the project (machinery, new construction or rehabilitation, business expansion or development). _____

Explain why the loan is necessary to your company or project: _____

Explain how the project meets the goals and objectives of the program. If the project does not meet the goals and objectives of the program, explain how the project benefits the City: _____

Methodology and source for paying the loan: _____

IX. Business Financial Information Actual Projected

MONTHLY INCOME		MONTHLY EXPENSES	
Gross monthly sales	\$	COGS - Raw materials/ merchandise	\$
Any other income	\$	Marketing/ advertising	\$
	\$	Owner's salary	\$
	\$	Employee's salaries/ labor	\$
	\$	Business mortgage/ rent	\$
	\$	Utilities	\$
	\$	Telephone/ cell/ internet	\$
	\$	Insurance, gasoline, miscellaneous	\$
	\$	Equipment purchase/ maintenance	\$
	\$	Taxes (sales, payroll, income, other)	\$
	\$	Business credit card payments	\$
	\$	Vehicle and other loan payments	\$
TOTAL BUSINESS INCOME	\$	TOTAL BUSINESS EXPENSES	\$
TOTAL BUSINESS NET INCOME (Total Income minus Total Expenses) =			\$

X. Loan Request Information:

Amount Requested: \$ _____

Purpose of Loan (please break down purpose of loan by cost)	Dollar Amount
	\$
	\$
	\$
	\$
	\$
	\$
TOTAL LOAN REQUEST	\$

XI. Banking affiliation:

Personal Bank Name: _____ Phone Number: _____

Address: _____

Street

City _____ State _____ Zip Code _____

Business Bank Name: _____ Phone number: _____

Address: _____

Street

City _____ State _____ Zip Code _____

XII. Are you a member of the Berwyn Development Corporation (BDC)? Yes No

BDC membership for the life of the loan is required if funds are allocated to the applicant.

XIII. 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:

XIV. 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.

XV. 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 Loan

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

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 year
- 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 fee based on the fee structure, 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**