

## Revolving Loan Fund Checklist (Detailed)

### Initial Application & Underwriting Checklist

- ☐ **Completed & Signed RLF Application**
  - RLF application can be found at: <https://www.rndc.org/what-we-do/revolving-loan-fund/> or as emailed to applicant upon request after a preliminary consultation.
- ☐ **Business Plan**
  - Describe the plans for the business, including the following points, where applicable, and any other pertinent information.
    1. Bios of the principals involved in the day-to-day operation and management.
    2. Describe the business's product or service and explain the benefits or competitive advantages it has over other products or services.
    3. What is the overall strategy for selling, distributing, pricing, and advertising the product or service?
    4. Describe the target market and projected demand for the product or service.
    5. If applicable, what patents, copyrights, and other legal considerations have been met?
    6. If the business is building, expanding, or remodeling a facility, include a brief description of the capital improvements and the planned effect on the business.
  - Describe the history of the business including the following points based on the business situation.
    1. What have been the current and long term trends in the business?
    2. How long have the current owners or operators run the business?
    3. What specific series of events have led to the need to borrow from this program?  
(Note: This is a critical point – be specific and include as much information as necessary.)
- ☐ **Balance Sheet**
  - Dated within 90 days of the application together with an aging of the accounts receivable and accounts payable listed.
- ☐ **Financial Projections**
  - Submit a performance balance sheet for the next three years. Provide profit and loss statements and a cash flow analysis monthly for the first year of the loan and year end in years two and three.
  - Financial projections are expected to flow logically from historic financial statements and the business, marketing, and management information.
- ☐ **Personal Financial Statement of Business Owners**
  - Include notes indicating the basis of value on assets (market value or acquisition cost) and explanations of other entries (notes payable, receivables, stocks, etc.). Financial statements should be dated within 90 days of filing this application. If possible, the date of personal

financial statements should be the same as the date of the most current business financial statement.

- ☐ **Personal Credit Report(s)**
  - o Recent credit bureau report for all business owners. Can be provided by lead financing partner if available.
  - o Region 9 does have the ability to run a report if one cannot be provided by the other financing partner.
- ☐ **Letters of Commitment**
  - o Include documentation of commitment from all other financial participants listed in sections '*Funding Sources*' and '*Funding Sources Additional Information*'.
- ☐ **Corporate Tax Returns**
  - o Most recent last three (3) years of filings.
- ☐ **Individual Income Tax Returns**
  - o Most recent last three (3) years of filings.
- ☐ **Schedule of Debts**
  - o Include:
    1. Original date and amounts, monthly payments, interest rates, present balance owed, maturity, to whom payable and collateral securing the loan.
    2. Outstanding credit card debt.
  - o Debts should be reflective in current and projected financials.
- ☐ **Copy of Current or Proposed Lease**
  - o Lease(s) associated with the buildings and/or equipment associated with the business.
- ☐ **Key Cost Documents**
  - o Pricing/valuation documents associated with the project and use of funds. (e.g. appraisal reports, vendor quotes, contractor estimates, purchase agreements).
- ☐ **Davis-Bacon Act Requirements**
  - o If this loan will be financing all, or part of, construction or equipment installation, contact Region Nine for further information on compliance with the requirements of the Davis-Bacon Act. If the Davis-Bacon Act applies, wages paid to construction workers must comply with a wage determination for this area issued by the U.S. Department of Labor and with federal labor standards provisions.
- ☐ **Need for Gap Financing Documentation**
  - o The applicant is eligible for Region Nine Development Commission Revolving Loan Fund financing only where credit is not otherwise available on terms and conditions which would permit the accomplishment of the project activities to be financed. The applicant needs to provide supporting documentation in the form of a bank rejection letter, or other documentation, substantiating the need for Revolving Loan Fund financing.

### **Closing Document Checklist (If Financing Approved)**

- ☐ **Title Opinion or Title Insurance Policy**
  - Must be less than six (6) months old relating to any property applicable with the approved financing.
- ☐ **Articles of Organization**
- ☐ **Operating Agreement(s) for Limited Liability/Partnership/Corporation**
- ☐ **Certificate of Good Standing from MN Secretary of State**
- ☐ **Latest meeting minutes of electing officers of the corporation.**
- ☐ **Equipment/Machinery Pledged as Collateral Listing**
  - Include model numbers and serial numbers.
  - If equipment is not yet purchased, provide a detailed list of items intended to be purchased.  
(Purchase orders would be the best source of this information)
- ☐ **Hazard Insurance Policy**
  - Policy naming **Region Nine Development Commission, 3 Civic Center Plaza, Suite 310, Mankato, MN 56001**, as a Loss Payee.
  - Provide verification of premium payment.
- ☐ **Workers Compensation Verification**
  - If the Business does not have any employees, provide a statement that states this.
  - Provide verification of premium payment.
- ☐ **Business Liability Insurance Verification**
  - Provide verification of premium payment.
- ☐ **Collateral Assignment of Life Insurance**
  - Collateral Assignment of Life Insurance in the amount of the loan.
  - Policies to be collaterally assigned to **Region Nine Development Commission, 3 Civic Center Plaza, Suite 310, Mankato, MN.**
  - Written verification from the home office is required.
  - Region Nine should not be named as a beneficiary of the policy.
- ☐ **Business Operating Address**
- ☐ **Flood Insurance or Letter Indicating Business is not Located in a Flood Plain.**
- ☐ **Financing Documents from Other Lenders**
  - Example: Promissory notes, mortgages, security agreements.
- ☐ **Federal Tax ID Number**
- ☐ **No Adverse Changes Verification**
  - Provide a letter stating no adverse changes have occurred since the date of the loan application. To come from either the partnered bank or a certified public accountant.
- ☐ **Direct Payment Authorization Form and Voided Check**
  - Region Nine requires all principal and interest payments to be received through electronic ACH.

## Revolving Loan Fund Checklist (Summary)

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- ☐ Completed & Signed RLF Application
- ☐ Business Plan:
- ☐ Balance Sheet
- ☐ Financial Projections
- ☐ Personal Financial Statement of Business Owners
- ☐ Personal Credit Report(s)
- ☐ Letters of Commitment
- ☐ Corporate Tax Returns (3 Years)
- ☐ Individual Income Tax Returns (3 Years)
- ☐ Schedule of Debts
- ☐ Copy of Current or Proposed Lease
- ☐ Key Cost Documents
- ☐ Davis-Bacon Act Requirements
- ☐ Need for Gap Financing Documentation

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- ☐ Articles of Organization
- ☐ Operating Agreement(s) for Limited Liability/Partnership/Corporation
- ☐ Certificate of Good Standing from MN Secretary of State
- ☐ Latest Meeting Minutes of Electing Officers of the Corporation.
- ☐ Equipment/Machinery Pledged as Collateral Listing
- ☐ Hazard Insurance Policy
- ☐ Workers Compensation Verification
- ☐ Business Liability Insurance Verification
- ☐ Collateral Assignment of Life Insurance
- ☐ Business Operating Address
- ☐ Flood Insurance or Letter Indicating Business is Not Located in a Flood Plain
- ☐ Financing Documents from Other Lenders
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