

KOOCHCO, INC. LOAN PROGRAM APPLICATION

Business Name: _____

Business Address: _____

Business Phone: _____

Name of Principal No. 1:

Name of Principal No. 2:

Home address:

Home address:

Home Phone: _____

Home Phone: _____

Type of Business: _____

Date Established: _____

New Business Existing Business

Existing Jobs: _____

Jobs to be created: _____

Bank Participating: _____

Contact: _____

USE OF PROCEEDS

	<u>KOOCHCO</u>	<u>BANK</u>	<u>BUSINESS</u>	<u>TOTAL PROJECT</u>
Land Acquisition	\$ _____	\$ _____	\$ _____	\$ _____
Land Improvement	_____	_____	_____	_____
Purchase Existing Building	_____	_____	_____	_____
Renovate Existing Building	_____	_____	_____	_____
New Construction	_____	_____	_____	_____
Purchase Inventory	_____	_____	_____	_____
Working Capital	_____	_____	_____	_____
Professional Fees	_____	_____	_____	_____
Construction contingency (10% minimum)	_____	_____	_____	_____
Other	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____

PROPOSED FINANCING OF PROJECT

	<u>KOOCHCO</u>	<u>BANK</u>	<u>BUSINESS</u>	<u>TOTAL PROJECT</u>
Dollar Amount	\$ _____	\$ _____	\$ _____	\$ _____
Term in Years	_____	_____		
Rate (%)	_____	_____		
Monthly Debt Service	_____	_____		_____
Annual Debt Service	_____	_____		_____

COLLATERAL (list collateral)

Value of collateral offered to secure loan \$ _____
Less: Total Loans requested \$ _____
Equals: Excess collateral \$ _____

SIGNATURES

I declare that any statement in this application or information provided herein is true and complete to the best of my knowledge and hereby acknowledge that I have read and understand the following statement:

“Koochco, the participating bank, and its agents have the right to verify information provided in this application. False information, in addition to disqualifying the applicant from any further consideration for financial assistance, may also subject the applicant to a penalty.”

Name of Business: _____

By: _____ Title: _____

Signature: _____ Date: _____

KOOCHCO, INC. LOAN PROGRAM GUIDELINES

Koochco is a private, non-profit gap financing agency. Koochco's loans are meant to create and maintain permanent employment through the establishment of new businesses or the expansion of existing businesses in Koochiching County.

Geographic Area

To be eligible for this program, the business must be located within Koochiching County.

Eligible Business

- Resort/tourism projects which attract expenditures from outside the region
- Manufacturing and industrial operations
- Service, office sector, health care, cold weather testing
- Retail businesses will be considered case by case
- Wood products
- Agriculture
- Special consideration is also given to businesses locally started and funded, demonstrating renovation and growth potential
- The applicant may be for-profit or non-profit and may be new or expansion of an existing business.

Review Criteria (*consideration is given to the following factors*)

- Eligibility as outlined above
- Quality and number of jobs created and retained
- Demonstrated repayment ability
- Degree of collateral coverage
- Economic impact on area
- Management capability and character
- Degree of business participation in project
- Completeness of business plan

Program Requirements

All Koochco loans will be term loans. Maximum amortization will be 20 years and active participation will be limited to 5 years in most cases. The policy will require a balloon payment or call provision after the fifth year of the loan.

The Koochco loan will be no more than 50% of the project financing with a maximum loan amount of \$40,000; the remainder to be financed by a private lending institution. Interest rate on the Koochco portion will be 1% less than bank rates and follow bank rate structure.

Collateral coverage must satisfy both Koochco and the bank; personal guarantees are required. Demonstrated credit worthiness and commitment of the applicant is required; management experience or other qualifications will be reviewed, as well as marketing plans. Projects that are entirely or primarily a refinancing of existing debt will **not** be allowed unless such refinancing will result in a significant upgrading or expansion of operations and creation of jobs.

Eligible Uses of Loan Funds

- Land and building acquisition and improvements
- New building construction and building renovation
- Purchase of machinery and equipment
- Resort expansion of facilities or upgrading of accommodations
- Working capital (not a revolving line of credit)
- Inventory purchase
- Reasonable accounting, legal, architectural, engineering and appraisal fees

Application Process

1. A preliminary review of the project shall be completed by a banker and/or Koochco staff to confirm the loan request meets Koochco guidelines.
2. The completed application accompanied by a business plan shall be submitted to Koochco.
3. Upon review by the Koochco Board of Directors the business will be notified of approval, ineligibility, or if more information is required.

For more information and applications:

**Koochco, Inc.
P.O. Box 407
405 3rd Street
International Falls, MN 56649
(218)283-2799**