

**Town of Farmington**  
**REVOLVING LOAN FUND**  
*Management Plan*

Amended July 14, 2009  
Amended October 26, 2010

**A. Purposes of the Revolving Loan Fund (RLF)**

1. To promote the economic well being of the Town of Farmington by helping to finance projects which maximize private sector investment and benefit low and moderate income people;
2. To stimulate job creation and expand business ownership opportunities for Farmington residents through economic development that is compatible with the Town's physical and social environment;
3. To encourage maximum utilization of existing vacant and under-utilized buildings;
4. To stimulate investment in the renovation and conservation of small business space; and
5. To supplement traditional bank financing, business owner investment, and other business loan and investment instruments.

**B. Administration**

1. The Town of Farmington shall:
  - a. be responsible for overall RLF administration;
  - b. assist RLF applicants with packaging of development proposals;
  - c. recommend amount and terms of RLF and owner participation for each project; and
  - d. maintain a Loan Review Board to review and either approve or deny RLF loan applications;
    - 1) The RLF Review Board shall consist of five (5) regular members who shall be residents of the Town of Farmington;
    - 2) A minimum of three (3) RLF Review Board members shall constitute a quorum for voting purposes;
    - 3) RLF Review Board members shall be appointed by the Board of Selectmen and sworn in by the Town Clerk; and.
    - 4) The term of each Board member shall be three (3) years, and the members shall serve until their successors are appointed and sworn.

- 5) Upon adoption of this management plan, for transition purposes the initial terms shall be staggered so that as nearly an equal number of terms shall expire annually. Towards this end, initial appointment shall be one member for one year, two members for two years, and two members for three years.
2. The Board of Selectmen may adopt amendments to the Town of Farmington Revolving Loan Fund Management Plan after a public hearing has been held to review proposed changes.
3. The RLF shall be audited yearly as part of the Town's annual audit.

**C. Eligibility Criteria**

1. The applicant must be a property owner or resident of the Town of Farmington or an owner of a business or organization located within the Town; and the applicant must have the authority to make legal agreements for that business.
2. The applicant must supply documentation of supplemental traditional bank financing, business owner investment, and/or other business loan and investment instruments.

**D. Eligible Projects**

Eligible project activities include loans for:

1. Business start-ups, expansions and/or building improvements and/or renovations;
2. Real property acquisition; and
3. Capital equipment;

**E. Ineligible Loans**

Loans secured by out-of-state real estate are ineligible.

**F. RLF Terms and Conditions**

1. No loan will exceed the maximum length of ten (10) years.
2. Interest rates will be a fixed rate of 5%, except for loans made for façade improvements within the Village Business Historic District (as described in the Town's Zoning Ordinance) which shall be at a fixed rate of 0%.
3. No loan shall exceed the amount of \$25,000.

4. Payments will be made on a monthly basis.
5. Loans will be evidenced and documented per section H. below (which may be subordinated to the primary lender/s).
6. Before any RLF funds are disbursed, all necessary Town, State, or federal permits must be obtained.
7. There will be no prepayment penalty provision on any loan.

**G. Fees**

All costs associated with legal document preparation and review, recordings and filings shall be borne by the applicant and shall be payable before or at closing of the loan.

**H. Loan Closing Document Package**

Upon loan approval, a formal loan closing document package will be assembled consisting of:

1. Loan Agreement;
2. Promissory Note;
3. Mortgage Deed (when applicable);
4. Security Agreement;
5. UCC-1 Financing statement (when applicable); and
6. Personal Guarantee and/or Corporate Guarantee (when applicable).

All documents shall be signed by a representative of the Town of Farmington and the applicant, and applicable documents shall be witnessed and notarized by a Notary Public of the State of Maine.

**TOWN OF FARMINGTON**  
**Revolving Loan Fund (RLF) Application**

Please Type or Print)

Application Date: \_\_\_\_\_ Social Security Number: \_\_\_\_\_

1. Name of Applicant: \_\_\_\_\_

2. Date of Birth: \_\_\_\_\_ Telephone: \_\_\_\_\_

3. Address: \_\_\_\_\_

4. Mailing Address (if different from above): \_\_\_\_\_

5. Length of time at present address: \_\_\_\_\_

6. Previous Address: \_\_\_\_\_

7. Length of time at previous address: \_\_\_\_\_

8. Length of time in Maine: \_\_\_\_\_ 9. US Citizen? \_\_\_\_\_

10. Number of people living in your household: \_\_\_\_\_

Please list by name, relationship, and dependent status below, if applicable – include yourself.

| Name  | Relationship | Dependent (yes/no) |
|-------|--------------|--------------------|
| _____ | _____        | _____              |
| _____ | _____        | _____              |
| _____ | _____        | _____              |
| _____ | _____        | _____              |
| _____ | _____        | _____              |

11. Is your business: Existing? \_\_\_ Proposed? \_\_\_

12. Business Name: \_\_\_\_\_ 13. Date Started: \_\_\_\_\_

14. Business Address: \_\_\_\_\_ Telephone: \_\_\_\_\_

15. Length of time at address: \_\_\_\_\_

16. Business Organization (please check appropriate category):

Sole Proprietorship: \_\_\_ Corporation: \_\_\_ Partnership: \_\_\_

Joint Venture: \_\_\_ Profit: \_\_\_ Nonprofit: \_\_\_ Other: \_\_\_

17. Is your proposal to start \_\_\_\_\_, expand \_\_\_\_\_, or strengthen \_\_\_\_\_ your business?

18. Explain the business, service, or job you plan to begin, expand or strengthen:

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19. How many jobs will your proposal create? \_\_\_\_\_ maintain? \_\_\_\_\_

20. How much cash will you (or your business) contribute to your proposal? \$\_\_\_\_\_

21. How much money do you wish to borrow from the RLF? \$\_\_\_\_\_

22. How do you intend to use your RLF loan; what positive impact will the loan have on your business?

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23. List any major purchases planned immediately for your proposed start-up or expansion.

| ITEM  | COST     | VENDOR (if known) |
|-------|----------|-------------------|
| _____ | \$ _____ | _____             |
| _____ | \$ _____ | _____             |
| _____ | \$ _____ | _____             |

24. List three credit references and three personal references.

| NAME    | ADDRESS | PHONE | ACCOUNT # |
|---------|---------|-------|-----------|
| Credit: |         |       |           |
| _____   | _____   | _____ | _____     |
| _____   | _____   | _____ | _____     |
| _____   | _____   | _____ | _____     |

Personal:

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25. Describe the qualifications, experience, or training which enable you to enter this business (attach resume).

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26. Are you proposing a co-signer for this loan? \_\_\_ If so, attach personal balance sheet and most recent IRS tax return for the individual.

27. Are you borrowing additional funds from any other source to fund this proposal? \_\_\_ If so, attach letter/s of commitment.

28. Are there any pending litigation, governmental proceedings, or consent orders against you or your business? \_\_\_ If so, attach description.

29. Have you or your company ever filed bankruptcy? \_\_\_ If so, attach description.

30. Have you or your company ever been involved in a criminal proceedings? \_\_\_ If so, attach description.

31. Do you or your company have contingent liabilities as a co-signer, endorser, guarantor, or other? \_\_\_ If so, please attach description.

32. Does this project require a Department of Environmental Protection Certificate of Approval? \_\_\_ If so, please attach.

33. Please attach your Federal tax return for the previous year.

34. Please attach a current credit report.

35. Please complete the following attached schedules:

**Marketing Plan** (Schedule 1) – Please fill in each question and attach additional information if applicable to Marketing Plan.

**Personal Financial Statement** (Schedules 2 & 3) – List personal financial information separate from business information when completing this form. Don't include information here that you will list on your business balance sheet.

**Business Balance Sheet** (Schedule 4) – Please list your business assets and liabilities. Don't duplicate data from your personal financial statement.

**Profit and Loss Statement** (Schedule 5) – There are three columns on this form. The first is for the previous twelve-month period. The second is for your first year projections, the third for your second year projections.

**Cash Flow** (Schedule 6) – The two columns cover your first and second year projections.

**Loan Security** (Schedule 7) – Please itemize all machinery and equipment valued at \$500 or more, regardless of collateral status.

**PENALTY FOR FALSE OR FRAUDULENT STATEMENT:** U.S.C. Title 18, Sec. 1001, provides: “Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, or makes any false, fictitious or fraudulent statements, or makes or uses any false writing or document knowing the same to contain false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.”

I warrant and represent that the information provided is true and complete. I agree to notify you promptly in writing upon any material change in the information provided herein, and further acknowledge that you will continue to regard this statement as true and complete until your receipt of such written notification. You are authorized to make such inquiries as you deem necessary and appropriate to verify the accuracy of this application.

Signature of applicant: \_\_\_\_\_ Date: \_\_\_\_\_

### Application Checklist

Please review and complete the following checklist to ensure that your application has all necessary attachments. Question numbers addressed within each question below refer to questions in the application. Please check “yes” if attached, “N/A” if not applicable.

| QUESTION   | YES | N/A |
|--|-----|-----|
| 1. If you have a resume as suggested in question number 25, did you attach a copy?                           |     |     |
| 2. If you answered, “yes” to question number 26, did you attach a personal balance sheet and IRS tax return. |     |     |
| 3. If you answered “yes” to question number 27, did you attach letter/s of commitment?                       |     |     |
| 4. If you answered “yes” to question number 28, did you attach description?                                  |     |     |
| 5. If you answered “yes” to question number 29, did you attach description?                                  |     |     |
| 6. If you answered, “yes” to question number 30, did you attach description?                                 |     |     |
| 7. If you answered “yes” to question number 31, did you attach description?                                  |     |     |
| 8. If you answered “yes” to question number 32, did you attach certificate?                                  |     |     |
| 9. As required by question number 33, did you attach IRS tax return for the previous year?                   |     |     |



## Marketing Plan

1. What products or services will you sell?

2. To whom will the products or services be sold?

3. What steps have you taken to advertise your product or service?

4. What evidence do you have that there is a market for these products or services, i.e. how do you know that purchases will be made?

5. Have any individuals or businesses formally agreed to purchase your product or service? \_\_\_\_ If so, please attach copy of agreements.

**Personal Financial Statement**

As of \_\_\_\_\_

**IMPORTANT – PLEASE READ CAREFULLY**

1. This Statement is being submitted in conjunction with a request for an extension of business credit to \_\_\_\_\_ (name or person, firm, corporation, sole proprietorship, d/b/a, partnership, etc.).
2. If you are relying solely on your own income or assets in compiling this Statement to support any assets of the requested credit, including any guarantee, endorsement or other security, complete SECTIONS A and C only. If you are relying, in whole or in part, on the income or assets of another person, complete ALL SECTIONS, and furnish the requested information about such other person in Section B.
3. If you are completing all sections, indicate in Section C, where applicable, the income and/or asset ownership interests of the other person upon whom you are relying in whole or in part.

**Section A.**

|                           |                           |
|---------------------------|---------------------------|
| Name: _____               | Employer's Name: _____    |
| Residence Address: _____  | Employer's Address: _____ |
| City, State & Zip: _____  | City, State & Zip: _____  |
| Residence Phone: _____    | Title or Position: _____  |
| Social Security No: _____ | Business Phone: _____     |

**Section B.**

|                           |                           |
|---------------------------|---------------------------|
| Name: _____               | Employer's Name: _____    |
| Residence Address: _____  | Employer's Address: _____ |
| City, State & Zip: _____  | City, State & Zip: _____  |
| Residence Phone: _____    | Title or Position: _____  |
| Social Security No: _____ | Business Phone: _____     |

**Section C: Financial Information**

|                                 |  |  |  |
|---------------------------------|--|--|--|
| Assets                          |  | Liabilities                              |  |
| Cash on hand and on deposit     |  | Notes due within one year                |  |
| Marketable securities           |  | Real estate mortgages                    |  |
| Cash value life insurance       |  | Installment                              |  |
| Notes receivable                |  | Other                                    |  |
| Other current assets - itemize  |  | Accounts payable                         |  |
| <b>Total Current Assets</b>     |  | Taxes due or accrued                     |  |
|                                 |  | Other current liabilities- itemize       |  |
|                                 |  | <b>Total Current Liabilities</b>         |  |
|                                 |  |  |  |
| Real estate                     |  | Note due after one year                  |  |
| Personal property               |  | Real estate mortgages                    |  |
| Notes or mortgages receivable   |  | Installment                              |  |
| Investment in related companies |  | Other debt – itemize                     |  |
| Other investments               |  |  |  |
| Other assets - itemize          |  |  |  |
|                                 |  | Total Liabilities                        |  |
|                                 |  | Net Worth                                |  |
| <b>Total Assets</b>             |  | <b>Total Liabilities &amp; Net Worth</b> |  |

**BANK DEPOSITS – List all bank accounts, including savings accounts:**

| Name and Location of Bank | Cash Balance | Amount of Loan | Indicate How Loan is Endorsed, Guaranteed or Secured |
|---------------------------|--------------|----------------|--|
|                           |              |                |  |
|                           |              |                |  |
|                           |              |                |  |

**MARKETABLE SECURITIES**

| Description of Security (Bonds, Face Value; Stocks, No Shares) | If Pledged – To Whom | Present Market Value | Present Loan Value | Payment Terms and Amount |
|--|----------------------|----------------------|--------------------|--------------------------|
|  |                      |                      |                    |                          |
|  |                      |                      |                    |                          |
|  |                      |                      |                    |                          |

**LIFE INSURANCE – List all policies in which you are named as the Insured:**

| Beneficiary | Company | Type of Policy | Face Amount | Cash Surrender Value | Loans Against Policy | If Assigned, Indicate To Whom |
|-------------|---------|----------------|-------------|----------------------|----------------------|-------------------------------|
|             |         |                |             |                      |                      |                               |
|             |         |                |             |                      |                      |                               |
|             |         |                |             |                      |                      |                               |

**REAL ESTATE**

| Description and Address | Title in Name Of | If Mortgaged, To Whom | Present Value | Present Mortgage Balance | Payment Terms and Amount |
|-------------------------|------------------|-----------------------|---------------|--------------------------|--------------------------|
|                         |                  |                       |               |                          |                          |
|                         |                  |                       |               |                          |                          |
|                         |                  |                       |               |                          |                          |

**PERSONAL PROPERTY, EQUIPMENT, MOTOR VEHICLES, ETC**

| Description | If Mortgaged, To Whom | Present Value | Present Loan Balance | Payment Terms and Amount |
|-------------|-----------------------|---------------|----------------------|--------------------------|
|             |                       |               |                      |                          |
|             |                       |               |                      |                          |
|             |                       |               |                      |                          |

**NOTES PAYABLE (Not shown above)**

| Lender | Security (If Any) | Present Value | Present Loan Balance | Payment Terms and Amount |
|--------|-------------------|---------------|----------------------|--------------------------|
|        |                   |               |                      |                          |
|        |                   |               |                      |                          |
|        |                   |               |                      |                          |

| Accounts Payable (Name Four Largest Creditors) | Amount | Related Companies |
|--|--------|-------------------|
|  |        |                   |
|  |        |                   |
|  |        |                   |
|  |        |                   |

**Business Balance Sheet**

Company Name: \_\_\_\_\_ Date: \_\_\_\_\_

**ASSETS**

**CURRENT ASSETS**

|                             |           |  |
|-----------------------------|-----------|--|
| Cash                        | \$        |  |
| Accounts Receivable (net)   | \$        |  |
| Merchandise Inventory       | \$        |  |
| Supplies                    | \$        |  |
| Prepaid Expenses            | \$        |  |
| <b>Total Current Assets</b> | <b>\$</b> |  |

**LIABILITIES AND NET WORTH**

**CURRENT LIABILITIES**

|  |           |  |
|--|-----------|--|
| Accounts Payable*                        | \$        |  |
| Current Portion Long Term (due in 1 yr.) | \$        |  |
| Other                                    | \$        |  |
| <b>Total Current Liabilities</b>         | <b>\$</b> |  |

**FIXED ASSETS**

|   |           |  |
|---|-----------|--|
| Fixtures & Leasehold Improvements             | \$        |  |
| Building                                      | \$        |  |
| Equipment                                     | \$        |  |
| Trucks/Auto                                   | \$        |  |
| Less accumulated depreciation on fixed assets | \$        |  |
| <b>Total Fixed Assets</b>                     | <b>\$</b> |  |
| <b>TOTAL ASSETS</b>                           | <b>\$</b> |  |

**LONG-TERM LIABILITIES\*\***

|  |           |  |
|--|-----------|--|
| Notes Payable                            | \$        |  |
| Bank Loan Payable                        | \$        |  |
| Other Loan Payable                       | \$        |  |
| Total-Long Term Liabilities              | \$        |  |
| Total Liabilities                        | \$        |  |
| <b>Net Worth (Owner's Equity)</b>        | <b>\$</b> |  |
| <b>TOTAL LIABILITIES &amp; NET WORTH</b> | <b>\$</b> |  |

**\*Accounts Payable**

| Name of Account | Amount   |
|-----------------|----------|
| 1. _____        | \$ _____ |
| 2. _____        | \$ _____ |
| 3. _____        | \$ _____ |

**\*\*Long-Term Liabilities**

| Name of Lender | Amount   |
|----------------|----------|
| 1. _____       | \$ _____ |
| 2. _____       | \$ _____ |
| 3. _____       | \$ _____ |

**Profit and Loss Statement**

**Name:** \_\_\_\_\_ **Business:** \_\_\_\_\_

**Report Period:** \_\_\_\_\_ **Previous Twelve Months** **Projected First Year** **Projected Second Year**

| Report Period:                                | Previous Twelve Months | Projected First Year | Projected Second Year |
|---|------------------------|----------------------|-----------------------|
| Revenue (Sales)                               |                        |                      |                       |
|   |                        |                      |                       |
|   |                        |                      |                       |
| Total Revenue (Sales)                         |                        |                      |                       |
| Cost of Sales                                 |                        |                      |                       |
|   |                        |                      |                       |
|   |                        |                      |                       |
| <b>Total Cost of Sales</b>                    |                        |                      |                       |
| Gross Profit                                  |                        |                      |                       |
| Expenses                                      |                        |                      |                       |
| Salary Expense; Sales People Office and Other |                        |                      |                       |
| Payroll Expenses (taxes, etc.)                |                        |                      |                       |
| Outside Services                              |                        |                      |                       |
| Supplies (office and operating)               |                        |                      |                       |
| Repairs and Maintenance                       |                        |                      |                       |
| Advertising                                   |                        |                      |                       |
| Car, Delivery, and Travel                     |                        |                      |                       |
| Accounting and Legal                          |                        |                      |                       |
| Rent  |                        |                      |                       |
| Telephone/Cell Phone/Internet                 |                        |                      |                       |
| Utilities                                     |                        |                      |                       |
| Insurance                                     |                        |                      |                       |
| Taxes (real estate, etc.)                     |                        |                      |                       |
| Interest                                      |                        |                      |                       |
| Depreciation                                  |                        |                      |                       |
| Other Expenses (specify each)                 |                        |                      |                       |
|   |                        |                      |                       |
|   |                        |                      |                       |
| Miscellaneous (unspecified)                   |                        |                      |                       |
| <b>Total Expenses</b>                         |                        |                      |                       |
| <b>Net Profit</b>                             |                        |                      |                       |

### Projected Cash Flow

|   | For the Year<br>Beg.<br>End. | Beg.<br>End. |
|---|------------------------------|--------------|
| A. Net Income (Loss)  | \$                           | \$           |
| Add   |                              |              |
| B. Itemized in Operations not Requiring Cash:   |                              |              |
| 1. Depreciation   | \$                           | \$           |
| 2. Others:  | \$                           | \$           |
| C. Cash Provided From:  |                              |              |
| 1. Proceeds fro RLF loan  | \$                           | \$           |
| 2. Proceeds from others   | \$                           | \$           |
| 3. Increase (Decrease) in Accounts Payable, Accruals<br>and other Current Liabilities                 | \$                           | \$           |
| 4. Decrease (Increase) in Accounts Receivable,<br>Inventories and other Current Assets (Exclude Cash) | \$                           | \$           |
| 5. Others:  | \$                           | \$           |
|   | \$                           | \$           |
| D. Total all A, B, and C Items  | \$                           | \$           |
| E. Less Cash Expended for:  |                              |              |
| 1. All Construction, Equipment and New Capital Items<br>(loop funds)                                  | \$                           | \$           |
| 2. Replacement and Additions to Existing Property, Plant<br>and Equipment                             | \$                           | \$           |
| 3. Principal Payment RLF Loan   | \$                           | \$           |
| 4. Principal Payment Other Loans  | \$                           | \$           |
| 5. Others:  | \$                           | \$           |
| 6. Total 1 through 5  | \$                           | \$           |
| Add   |                              |              |
| F. Beginning Cash Balance   | \$                           | \$           |
| G. Ending Cash Balance (Total of D minus E6 Plus F)   | \$                           | \$           |
| Item G Cash Balances Composed of:   |                              |              |
| 1. Construction Account   | \$                           | \$           |
| 2. Revenue Account  | \$                           | \$           |
| 3. Debt Payment Account   | \$                           | \$           |
| 4. O & M Account  | \$                           | \$           |
| 5. Reserve Account  | \$                           | \$           |
| 6. Funded Depreciation Account  | \$                           | \$           |
| Others:   | \$                           | \$           |
|   | \$                           | \$           |
| Total – Agrees with Item G  | \$                           | \$           |

### Loan Security

Name: \_\_\_\_\_ Business: \_\_\_\_\_

| Item | Model or Serial # | Cost | Market Value | Any Existing Liens? | Name of Lien Holder | Balance Owed | Will you offer as Collateral? | Will you use in Business? |
|------|-------------------|------|--------------|---------------------|---------------------|--------------|-------------------------------|---------------------------|
|      |                   |      |              |                     |                     |              |                               |                           |