



PUTNAM REDEVELOPMENT AGENCY

SMALL BUSINESS LOAN APPLICATION

The Loan Committee will review your application to determine an appropriate loan amount, term and interest rate.

Terms:

The small business program loan interest rate is set at a maximum of 7% for a term of 7 years for capital improvements. Lower rates are available for shorter payback terms as determined by the Loan Committee.

The maximum loan amount is 15% of the business's annual revenue.

Loan Security Requirements:

All loans are required to be backed by personal guarantees and appropriate security instruments consistent with the attached Policy on Collateral Loan Security.

Application Attachments:

1. Business Financial Statements (Year to Date, Profit/Loss, and Balance Sheet)
2. Income Tax Returns (last two years)
3. Personal Financial Statement(s)
4. Description of Proposed Collateral
5. Proof of Entity

Please submit your full application with all attachments in a sealed envelope to the Putnam Redevelopment Agency at the Putnam Municipal Complex. Once a complete application is filed, a credit check will occur.

The applicant will be expected to appear before the Loan Committee and Redevelopment Agency to answer questions. A final decision will be made by the Loan Committee.

I. BACKGROUND

Legal Name of Applicant:	
Applicant Address:	
Phone Number:	Email:

<i>If you are completing a joint application:</i>	
Legal Name of Applicant:	
Applicant Address:	
Phone Number:	Email:

Legal Name of Business:	
Business Address:	
Phone Number:	Email:

Date Originally Established:
Federal Employer Identification Number:

Business Organization:			
Corporation	Partnership	Sole Proprietorship	LLC (Limited Liability Company)

<i>If you have partners:</i>			
Name:	SSN:	%	Address:

II. LEGAL

Are you presently under indictment or on parole or probation?	Yes	No
Have you ever been charged with or convicted for any criminal offense other than a minor motor vehicle violation?	Yes	No
Are you currently in or subject to any lawsuits?	Yes	No
Do you have any an outstanding balance with the IRS or are on a payment plan?	Yes	No
Has any principal, officer, or partner involved with the Applicant been through or is currently involved in bankruptcy, receivership, or compromise settlement?	Yes	No
If the answer is yes to any of the above questions, please explain in an attachment.		

III. FINANCES

Name of Bank of Account:
Address:
Contact Person:

Name of Bank of Account:
Address:
Contact Person:

Name of Bank of Account:
Address:
Contact Person:

IV. FUNDING REQUEST

Total Project Cost	\$
Requested Funding Amount	\$

Proposed Collateral
Please attach a description of collateral proposed to secure the repayment of the requested loan.

V. PROPOSED CAPITAL IMPROVEMENT

A brief description of the proposed project:

--

An executive summary of your business:

--

FAIR LENDING PRACTICES:

In its evaluation of proposed collateral, the Putnam Redevelopment Agency shall apply the same review standards for all applicants and shall not discriminate against or treat loan applicants differently based upon the applicant's race or color, religion, national origin, sex, marital or familial status, age, handicap, public assistance status or the good faith exercise of any rights under the Consumer Credit Protection Act, nor the neighborhood characteristics or location of any proposed real property collateral.

OTHER PROVISIONS CERTIFICATION:

It is hereby represented that to the best of my belief no information or data contained herein or in the exhibits or attachments are in any way false or incorrect. The undersigned agrees that the banks, persons, firms, and corporations before mentioned are hereby authorized to give the Putnam Redevelopment Agency any and all information in connection with the matters herein referred to. In addition, the undersigned agrees that the funds provided as a result of this loan application will be utilized exclusively for the purposes approved as represented in this application, as may be amended, and that none of the funds will be used for refinancing other indebtedness of the Applicant or any of its principals.

NON-DISCRIMINATION CLAUSE

The Applicant agrees and warrants that it will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religion, age, sex, marital status, physical handicap, national origin, political belief, mental retardation, and history of mental disorder, unless it is shown by such company or contractor that the physical or mental disability prevents performance of the work involved.

APPLICATION FOR CREDIT

I/We authorize you to obtain any information required concerning the verification of the Applicant(s) statement from any source whatsoever. I/We understand this application is your property and shall remain your property whether the credit is granted or not. The Putnam Redevelopment Agency and other credit sources are authorized to exchange credit information relative to this application. You are also authorized to update credit and any other information that you consider necessary as long as I/we owe you money.

I/We certify that there are no other loans or obligations, except as specifically listed on this application, for which we are liable. I/we have answered all the questions in the applicant statement. I/we understand if the questions are not completed, you may deny this credit request. The answers were made by me/us or by my/our dictation, and they are true and complete. I/we understand that any willful misrepresentation of information provided in my/our applicant statement could result in fine and/or imprisonment under the provisions of the U.S. Criminal Code.

I/We acknowledge receipt of the Equal Credit Opportunity Act Notice which says: "The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. In the event credit is denied, I/we understand the Agency will furnish a statement of why the request was not granted.

My/Our signature(s) below acknowledge that I/we have read, or have been read to, and understand this notice.

Signature

Title

Date

Signature

Title

Date

Policy on Collateral Loan Security for Small Business Loans Issued by the Putnam Redevelopment Agency

Objective: To secure the repayment of small business loans in default through personal guarantees and the pledge of accessible collateral sufficient to recover loan value.

Policy Requirements:

1. **Pledge of Collateral:** The Putnam Redevelopment Agency shall use its best efforts to cover loan value with a combination of accessible project collateral and non-project secondary collateral and require documentation prior to the approval of any small business loan. The Putnam Redevelopment Agency shall require the unconditional personal guarantee of all shareholders with an interest of 20% or more in a corporate borrower, the personal guarantees of all members of an LLC borrower, or the personal guarantees of all owners of the company. Personal guarantees may be required to be further secured with appropriate assets of the individual guarantors.
2. **Value of Collateral:** The Putnam Redevelopment Agency shall require verifiable documentation of the value of all proposed collateral. Asset value shall be calculated based upon up to 80-85% of the documented acquisition cost of equipment, if new, or 70-75% if used and appraised at values corresponding with their remaining life expectancy; or good and sufficient value reasonably expected to be recovered upon auction or forced sale given the age, condition and market for such assets.
3. **Provision of Information:** Loan applicants shall be required to provide sufficient information at the time of application to allow the Agency to evaluate proposed collateral and confirm legal title, including the following:

For all loans: name and address of all collateral lien holders, current lien balance and monthly payment on all liens, rate of interest and maturity date on all liens, amount, and maturity date of any balloon payments due on any liens, year acquired, original cost, current market value (the Putnam Redevelopment Agency may require an independent appraisal verifying such value).
--

For personal property, including equipment: manufacturer or make, model, year of manufacture, serial number or other identifying information, description of present condition, and copies of any UCC Statement filed or recorded in any jurisdiction with respect to proposed collateral.

Reporting: Borrowers shall be required to notify the Putnam Redevelopment Agency of any change in the condition of or availability of any pledged collateral within 30 days of change, including the filing or recording of any UCC Statement, or any change in the name or location of the Borrower.
--

4. **Lien Positions:** Agency loans shall be secured by a lien position on project collateral acquired with loan proceeds; such liens shall be at the highest level of priority which can be established within the borrower's ability to raise debt and equity capital for the project. The Putnam Redevelopment Agency may subordinate its security interest up to a third lien position on project collateral to commercial lenders providing project funding, provided that security interests in secondary non-project collateral have been established to recover loan value.
5. **Recording of Security Interests:** The Putnam Redevelopment Agency shall require the recording of security interests in all collateral offered to secure the loan, including deeds and UCC Statements. In those instances where there is insufficient fixed asset project collateral to secure the loan, the Putnam Redevelopment Agency shall require title recording of security interests in secondary non-project collateral available to cover the value of the loan, including other business assets of the borrower, inventory, receivables, patents and copyrights, leasehold improvements, assignment of leases & life insurance, corporate guarantees, investment instruments, and real estate.