

VILLAGE OF CALLAWAY

Village of Callaway LB 840 Economic Development Program Loan Eligibility/Terms/Requirements/Guidelines

Eligible Businesses

Any corporation, partnership, limited liability company, or sole proprietorship without regard to its principal source of income, shall be a qualifying business under the Callaway Economic Development Program. A qualifying business need not be located within the territorial boundaries of Custer County.

Eligible Uses of Funds

Examples of eligible activities under the Callaway Economic Development Program include, but are not limited to:

- Development of housing related programs to foster community growth.
- People retention and recruitment
- Incentives for full-time jobs created (full-time jobs defined as 2000 hours) to include grants and/or low interest loans, which are subject to job credit performance.
- Grants or loans for public works improvements essential to the location or expansion of a qualifying business.
- The purchase of real estate, options for such purchases, and the renewal or extension of a qualifying business.
- Contracting with an outside entity to implement any part of the program, as necessary.
- The provisions of technical assistance to businesses such as marketing assistance, management counseling, preparing financial packages, engineering assistance, etc.
- Expenses for business recruitment activities.
- Direct loans or grants to qualifying businesses for fixed assets or working capital or both.
- Expenses for locating a qualifying business into the area.
- Equity investment or loan guarantees in a qualifying business.
- The authority to issue bonds pursuant to the Act.
- Grants or loan agreements for job training.
- Rehabilitation and/or construction of commercial building or potential commercial buildings.
- Small business development including expansion of existing business.
- Tourism and recreation related activities.
- Purchase of existing buildings or construction of new buildings.

P.O. Box 157, Callaway NE 68825

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Loan Terms

	<i>LB840 TAX FUNDS</i>
<i>Maximum Loan Amount</i>	<i>50% of total project costs</i>
<i>Maximum Job Training</i>	<i>Determined on a case-by-case basis</i>
<i>Owner Equity Required</i>	<i>10% for any applicant</i>
<i>Maximum Loan Terms</i>	<i>10 years for fixed assets 5 years for other asset category</i>
<i>Security</i>	<i>May include, but is not limited to, promissory notes, mortgages, or deeds of trust, personal and/or corporate guarantees</i>

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Requirements

You are required to provide a credit report/score with your loan application. Some sources that provide credit reports are your bank (some banks will provide one free credit report per year), possibly your credit card company, and online sources such as AnnualCreditReport.com. At AnnualCreditReport.com, you can request a free credit report from one of the three large credit reporting companies: Equifax, TransUnion, or Experian. They may charge a small fee to access your credit score.

Loan recipients will provide financial statements to the Village of Callaway Economic Development Program on an annual basis for the life of the loan.

A review of records relating to the performance based criteria outlined in the loan agreement will be subject to inspection by the Village of Callaway Economic Development Program.
on an annual basis.

Fees

There is a loan application fee, which is to be paid before the loan committee will review your application. The amount of the loan application fee will be \$65. This is a nonrefundable fee and will not be returned no matter what the outcome of your application may be. There may also be a loan servicing fee.

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Guidelines for Reviewing Loans

The Village of Callaway Economic Development loan committee is presented with the very challenging task of ensuring that funds lent are protected as completely as possible. Listed below are several factors used in reviewing loan applications.

Credit Report

- Level of importance relates to size of loan and collateral offered.
- If score is low, reasons for being at that level?
- Are there late payments? When and why?
- Amount of credit card debt—is it possible to service that debt and service additional loan payments?

Business Experience

- Is there adequate experience owning and managing a similar business or business of any type (not just management for someone else)?

Business Startup or Existing

- If an existing business, is the loan for true expansion or a means to offset previous business losses?
- If existing, will the business records indicate the ability for the borrower to manage the business and service additional debt?

Financial Projections

- Is there a statement addressing projections and changes in the projections (justify and explain)?
- Are the projections realistic or compiled with good intentions and blue sky?
- Will the projections provide for servicing debt and provide the necessary return required for the borrower?

Outside Employment

- Is outside employment required for viability of the business?
- Is there outside employment and will the borrower maintains that outside employment until the business is able to stand alone?

Collateral

- Is there sufficient business collateral to protect the loan?
- If there is insufficient business collateral, is there acceptable personal collateral?
- If there is insufficient business and personal collateral, is someone other than borrower willing to pledge adequate collateral, cosign the note, or provide a personal guarantee?
- Inventory for most loans is insufficient for the majority of collateral required?
- Inventory is especially risky for startup businesses and businesses being purchased.
- Types of inventory acceptable (larger items, items with title, ID number, etc.).

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