



Loan Guarantee Application Checklist Instructions

WHEDA

TO BE COMPLETED BY LENDER

BORROWER NAME _____ **LENDER NAME** _____

NAICS/SIC CODE _____ **LENDER NUMBER** _____

LOAN OFFICER _____ **LENDER ADDRESS** _____

LENDER PHONE NUMBER _____ **LENDER FAX NUMBER** _____

Please assemble the application package in the following order. Failure to submit a complete application package will result in a delay in underwriting.

- _____ 1. Completed Lender Application and Lender's Questions
- _____ 2. Completed Borrower Application and Borrower's Questions
- _____ 3. Last 3 years' audited or reviewed Financial Statements or signed Federal Tax Returns and all supporting schedules of the business (2 years for guarantees of \$100,000 or less)
NOTE: If subsidiaries exist, provide the most current financial statement of the subsidiary
- _____ 4. Personal Financial Statements, signed and dated within 90 days of the application date
- _____ 5. Signed personal tax returns for three years for each guarantor or owner of more than 20% of the business.
- _____ 6. Personal credit reports of the owners(s) dated within 90 days of the application date.
- _____ 7. Resumes of owners and key management personnel
- _____ 8. Interim Financial Statements (B/S and I/S) dated within 90 days of application (startups excluded)
- _____ 9. Borrower's Projected Balance Sheet, Income Statements and Written Assumptions for two years
- _____ 10. Copy of Lender's Commitment Letter (if available)
- _____ 11. Other Project Documentation (if applicable):
 - Offer to Purchase
 - Purchase Agreement
 - Appraisal
 - Bids or Estimates on Construction Costs
 - Detailed Market Analysis, if applicable
 - Cost Breakdown of Equipment/Machinery

**Mail to:
Commercial Lending
WHEDA
PO Box 1728
Madison WI 53701-1728**

This Application may be used for any of WHEDA's business loan guarantee programs, including:

- Small Business Guarantee
- Transform Milwaukee Guarantee
- Contractors Loan Guarantee
- Neighborhood Business Revitalization Guarantee (for businesses; developers use Form 5)
- Agribusiness Guarantee

Please follow these instructions when completing the checklist:

ITEMS SUBMITTED TO WHEDA ON ALL APPLICATIONS

Item 3, Financial Statements: Submit the last three years of audited or reviewed financial statements (2 years for guarantees of \$100,000 or less). If financial statements are not available, submit the last three years of federal tax returns and all supporting schedules of the business. If the business has not been in existence for three years, financial statements for the time the business has existed are acceptable.

Item 4, Personal Financial Statement: Signed and dated personal financial statements must be submitted on a WBA or bank generated form for each owner, partner, or shareholder with 20% or more ownership in the business.

Item 6, Personal Credit Report: Credit reports must be provided for each owner or individual holding 20% or more ownership in the business. The reports must be dated within 90 days of the application.

Item 7, Resumes: Submit resumes for individuals with ownership interest (20% or greater) in the business and key management personnel.

Item 8, Interim Financial Statement: The interim financial statement must be dated within 90 days of the application and must include a balance sheet and income statement (startups are excluded).

Item 9, Borrower's Projected Balance Sheet, Income Statements and Written Assumptions: Two years of projected operating results and written assumptions explaining any material variances from historical results.

Item 10, Lender's Commitment Letter: Provide a copy of your loan commitment to the borrower. The commitment should list the term, rate, collateral and conditions required to make the loan and can state the approval is contingent upon WHEDA guarantee approval.

Item 11, Project Documentation: Appraisals must be less than one year old and completed by a certified commercial appraiser using the three methods of valuation (market, income and cost approaches). On real estate transactions, obtain an offer to purchase or purchase agreement. For non-real estate purchases, obtain bids or cost estimates.

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GUARANTEE PROGRAM

Check the program below that you are applying for.

WHEDA Small Business Guarantee

Purpose:

- Assist in the expansion or acquisition of an existing small business.
- Assist in the start-up of a day care business.
- Assist in the start-up of a small business in a vacant storefront in the downtown area of a community.

Guarantee:

- Lesser of 50% of the loan or \$750,000 for fixed assets and permanent working capital
- Lesser of 50% of the loan or \$200,000 for revolving working capital
- Maximum 5-year guarantee; maximum 2-year guarantee for revolving working capital

Transform Milwaukee Loan Guarantee

Purpose:

- Purchase or improve land and buildings including mixed-use properties, machinery and equipment
- Purchase inventory
- Fund permanent and revolving working capital
- Finance soft costs
- Refinance existing debt

Guarantee:

- Lesser of 80% of the loan or \$750,000 for fixed assets, permanent working capital and inventory
- Lesser of 80% of the loan or \$200,000 for revolving working capital
- Maximum 5 year guarantee; maximum 2 year guarantee for revolving working capital

Contractors Loan Guarantee

Purpose: To assist in the development and expansion of small businesses by providing the opportunity to enter into contracts with eligible organizations.

Guarantee:

- Lesser of 50% of the loan or \$750,000
- Maximum guarantee term is the term of the underlying contract, purchase order, or other instrument approved by WHEDA

Neighborhood Business Revitalization Guarantee

Purpose: To stimulate economic development in redeveloping urban neighborhoods, in communities with populations greater than 35,000, or other areas where the project will be catalytic by bringing or expanding businesses into the area.

Guarantee:

- Lesser of 50% guarantee or \$750,000
- Unlimited loan amount
- Maximum 5-year guarantee

Agribusiness Guarantee

Purpose: To assist in the start-up, acquisition or expansion of a business that develops products using Wisconsin's raw agricultural commodities.

Guarantee:

- Lesser of 50% of the loan or \$750,000 for fixed assets and permanent working capital loans
- Lesser of 50% of the loan or \$200,000 for revolving working capital
- Maximum 5-year guarantee; maximum 2-year guarantee for revolving working capital

LOAN PROPOSAL

Proposed Interest Rate: _____% Fixed Variable (cannot exceed Prime + 2.75%)

If Variable, Frequency of Rate Adjustment: Monthly Quarterly Annually Other _____

What rate would your financial institution extend to this borrower without a guarantee? _____

Proposed Guarantee %: _____% Proposed Loan Amt: \$ _____

Term of Note: _____ Months _____ Years Amortization: _____ Months _____ Years

Payment Schedule: Monthly Quarterly Annually Other _____

TO BE COMPLETED BY LENDER

SOURCES AND USES OF ALL PROJECT FUNDS

*Provide the **total** project costs including the proposed or actual financing source.*

	Lender/ WHEDA	Equity	Other:		Total
			Amount	Source	
Land/Building	\$	\$	\$		\$
Construction/Expansion	\$	\$	\$		\$
Repairs/Improvements	\$	\$	\$		\$
Furniture/Fixtures	\$	\$	\$		\$
Machinery/Equipment	\$	\$	\$		\$
Inventory	\$	\$	\$		\$
Refinancing ¹	\$	\$	\$		\$
Permanent Working Capital ¹	\$	\$	\$		\$
Revolving Working Capital ¹	\$	\$	\$		\$
Marketing Expenses ¹	\$	\$	\$		\$
Goodwill ²	\$	\$	\$		\$
WHEDA Fees	\$	\$	\$		\$
Other:	\$	\$	\$		\$
TOTAL	\$	\$	\$		\$

¹Eligible under certain circumstances, see manual for details.

²Not an eligible use of proceeds under any WHEDA program.

LENDER'S QUESTIONS/STATEMENTS

Provide all answers on a separate sheet of paper.

NOTE: If you have prepared a credit analysis that addresses the information requested in the following questions you may submit that analysis in lieu of answering the questions. Please identify where the answers to the questions are in the credit analysis.

1. Assess the reasonableness of the borrower's projections and why you feel they are achievable. Explain the causes for any large variances between the historical and projected operating results and discuss any significant balance sheet changes.

2. Provide your assessment of management's strengths and weaknesses. What is the management succession plan? Is life and/or disability insurance needed?
3. Summarize the strengths and weaknesses of the credit request. How have these weaknesses been mitigated?
4. Describe your reasons for seeking a guarantee on this loan.
5. If there are other financing sources to the project list the source, amount, term, amortization, interest rate and monthly payment of the loan(s).

TO BE COMPLETED BY LENDER

BALANCE SHEET (OMIT 000s)

The proforma column should show what the balance sheet will look like if all financing is approved. If the applicant is a sole proprietor, include only the business related assets and liabilities.

	Most Recent Balance Sheet Date:	Proforma
Current Assets		
Total Assets		
Current Maturities of Long-Term Debt		
Other Current Liabilities		
Total Liabilities		
Net Worth		
Current Ratio		
Unsubordinated Debt-to-Tangible Net Worth Ratio		

NOTE: If any shareholder note or standby debt is included in the totals above, attach explanations to this page.

DEBT SERVICE COVERAGE (OMIT 000s)

	Prior Year Date:	Prior Year Date:	Interim Date:	Projected Year 1	Projected Year 2
Net Sales					
Less: Cost of Sales					
Less: Owner's Compensation/Draws					
Less: Operating Expenses (excluding the owner's compensation/draws listed above and expenses listed below)					
Add: Rent (if applicable) ³					
Equals: Net Operating Cash Flow (A)					
Less: Depreciation/Amortization					
Less: Interest Expense					
Less: Other					
Equals: Net Income					
Required Principal & Interest Payments On All Loans (B)	N/A	N/A	N/A		
Net Operating Cash Flow/Proforma Debt Service (A/B)	N/A	N/A	N/A		

³Rent – If real estate is owned personally and the business pays rent to the owner, add the rent expense to operating cashflow when the real estate loan obligation is shown on the debt service coverage table



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COLLATERAL COVERAGE

In the table below, enter all figures in actual numbers.

Collateral Item	Collateral Value ⁴	Liquidation % ⁵	Liquidation Value	Less: Prior Liens	Net Available Collateral	Name of Lienholder(s)	Lien Position -- On WHEDA Guaranteed Loan
Land/Building	\$	75%	\$	\$	\$		
Machinery/Equipment	\$	50%	\$	\$	\$		
Inventory	\$	50%	\$	\$	\$		
Accounts Receivable	\$	75%	\$	\$	\$		
Personal Real Estate	\$	80%	\$	\$	\$		
Other:	\$	Varies	\$	\$	\$		
Other:	\$	Varies	\$	\$	\$		
Total	\$		\$	\$	\$		

⁴Use the lower of cost or market value. Real estate values should be based on a current appraisal less than 12 months old. If appraisal is not available, use the value from the most recent tax bill.

⁵Use these standard liquidation factors. If different factors are used, attach an explanation. During the underwriting process, WHEDA reserves the right to apply different values if appropriate.

After completing the table, please calculate the following:

Net Available Collateral: \$ _____ (A)

Amount of Guaranteed Loan: \$ _____ (B)

Coverage Ratio (A/B) _____



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LENDER CERTIFICATION

1. Based on the analysis and review performed by the lender, the lender believes that the borrower will be able to repay the proposed loan in full.
2. The lender certifies that without the Wisconsin Housing and Economic Development Authority's ("WHEDA") participation as outlined in the Loan Proposal section, the lender would not be willing to make this loan with the same terms and conditions.
3. Lender's employees, officers, directors or substantial stockholders do not have more than a 10% financial interest in the business requesting the guarantee.
4. The information presented in both the borrower's and the lender's applications and supporting information (submitted to WHEDA or retained in lender's own file) is true and accurate to the best of the lender's knowledge. The lender understands that submitting false or misleading information in connection with this application may result in the denial of the lender's request for guarantee. The lender further understands that the legal implications of receiving public or private funds or other property as a consequence of false representations and the use of such funds for any purpose other than those stated constitutes an act of fraud. False, misleading, or incomplete information may result in the termination of the guarantee.

The lender further acknowledges that this information is being submitted to WHEDA to assist in determining whether to provide the lender with a guarantee on the proposed loan. The lender acknowledges that WHEDA reserves the right to request additional information it deems necessary in making its decision.

Legal Name of Financial Institution: _____

Signature of Loan Officer: _____

Print Name: _____

Title: _____ Date: _____

TO BE COMPLETED BY BORROWER. Failure to complete each section will result in delays.

BORROWER INFORMATION

Legal Name of Borrower (entity that will sign the business note) _____

Name of Business (trade name the business uses) _____

Tax ID # (business employer # or the owner's SS# if the borrower is a sole proprietor) _____

If the business is moving as a result of this loan, please give the address where the business will be located; otherwise, list the current address.

Business Address (P.O. Box, if applicable) _____

Street Address _____

City, State, Zip _____ County _____

Contact Person _____

Phone # _____ Fax # _____

Type of Business _____

- Ownership Type: Sole Proprietorship C-Corp Limited Liability Company
 Partnership Sub S Corp Not-For-Profit
 Other: _____

Owners: List all individuals who have an ownership interest in the business

Name and Social Security Number	Title	% Owned	Race	Gender
		100%		

Management: List the key managers who are vital to the day-to-day operations

Name	Title	Primary Responsibilities

TO BE COMPLETED BY BORROWER

BUSINESS INFORMATION

- When was the business originally established? _____
- When did/will you establish or purchase this business? _____
- Report the gross annual sales for the past two years:
 Year _____ \$ _____ Year _____ \$ _____
- Do you buy from, sell to or use the services of any business in which someone from your company has a significant (80% control) financial interest? Yes No
 (If yes, provide subsidiary or affiliate financial statements)

EMPLOYMENT INFORMATION

1 Full Time Equivalent (FTE) position = 2080 hours per year

- How many FTE employees does this business currently employ? _____
 Include the owner(s) that are actively engaged in the day-to-day operation of the business.
- Provide the number of full-time equivalent (FTE) positions expected to be created and/or retained as a direct result of this project. For each salary level, also indicate the number of positions (new and retained combined) where benefits will and will not be furnished. Benefits are defined as medical, dental, vision, or other health-related insurance whose premiums are subsidized by the employer/business.

ANNUAL SALARY RANGE	JOBS CREATED ⁶	JOBS RETAINED ⁷	INSURANCE	
			BENEFITS	NO BENEFITS
< \$20,000				
> \$20,000 and < \$30,000				
> \$30,000 and < \$50,000				
> \$50,000 and < \$70,000				
> \$70,000				
TOTAL				

⁶Created: *New FTE positions that will be created within the next two years as a result of this loan*
⁷Retained: *Employees that currently exist and would be lost if this loan does not occur*

LEVERAGING SUPPORT

Provide a list of the amounts and sources of other funding used in conjunction with this project.

FUNDING SOURCE	AMOUNT	TYPE
Matching Funds (provide source under "Type")	\$	
Community Involvement (types include TIF, grants, revolving loan funds, etc.)	\$	
Other Credit Enhancement/Loan Guarantee (types include SBA, USDA, etc.)	\$	
TOTAL		

ECONOMIC IMPACT

Provide answers to and explanations for the following:

	YES/NO	EXPLANATION
Will the project provide a service not currently available in the community?		
Will the project support other businesses in the community?		
Will the project provide entry-level jobs in high unemployment areas?		

BORROWER'S QUESTIONS

Provide all answers on a separate sheet of paper. Sign and date each page.

NOTE: If you have prepared a business plan that addresses the information requested in the following questions you may submit that plan in lieu of answering the questions. Please identify where the answers to the questions are in the business plan.

1. Provide a brief history of your business and describe what product(s) or service(s) your business offers.
2. Explain how the loan proceeds will be used and describe the benefits the loan guarantee will provide.
3. Describe how the specific work experience and skills that the owners and key managers possess will assist them in succeeding with this project.
4. Describe the market your business serves and any factors unique to your industry. For startup businesses provide a detailed market analysis and other documentation supporting your claim that a market exists, such as surveys, questionnaires, letters of support from community officials, traffic count studies and demographic and statistical data.
5. Describe who your competition is and how your business differentiates itself.

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DECLARATIONS

1. Are all of the ownership parties U.S. Citizens?
If no, attach copy of Alien Registration Card (Form I 688 or I 551) Yes No
2. Have any of the parties ever been convicted of any criminal offense
other than minor motor vehicle violations?⁹ Yes No
3. Do any unsatisfied judgments exist against any ownership parties, principal(s)
or any related party?⁹ Yes No
4. Have any of the parties ever been involved in any litigation, including
real estate foreclosure or bankruptcy within the past 7 years?⁹ Yes No
5. Are any of the parties delinquent in child support or maintenance payments?⁹ Yes No
6. Are any of the parties delinquent on any of the following taxes:
Federal Income, State Income, FICA, Unemployment, Real Estate,
Personal Property, Sales & Withholdings?⁹ Yes No

⁹If any of the questions 2-6 were answered "Yes", attach a detailed explanation signed and dated by the borrower(s).

BORROWER CERTIFICATION

The undersigned, on behalf of the borrower, hereby certifies that:

1. The information presented in this application and the accompanying supporting information is true and accurate and has been prepared with due diligence. The borrower understands that submitting false or misleading information in connection with this application may result in the borrower being found ineligible for financial assistance. The borrower further understands that the legal implication of receiving public or private funds or other property as a consequence of false representations and the use of such funds for any purposes other than those stated constitutes an act of fraud.
2. The borrower further acknowledges that this information is being submitted to the Wisconsin Housing and Economic Development Authority ("WHEDA") to assist in determining whether to provide the proposed loan or guarantee. The borrower acknowledges that WHEDA reserves the right to request additional information it deems necessary in making its decision.
3. The borrower agrees to indemnify and hold harmless WHEDA, its members, officers, employees and agents, from and against any and all claims, suits, damages, costs and expenses arising out of WHEDA's review of and decisions with regard to the application. WHEDA's analysis and review of the application and related documentation is for their own purposes. The borrower is not entitled to rely on such analysis and review. WHEDA is not responsible for any actions taken by the borrower in reliance on a prospective guarantee commitment from WHEDA. WHEDA is not liable for damages resulting directly or indirectly from such actions. A financing commitment does not exist until WHEDA has issued a Loan Authorization.
4. The borrower, by initialing the line below, grants permission to WHEDA to issue a press release of the Loan Guarantee Approval. _____ Owner/Borrower Initials

If borrower is a sole proprietorship or partnership, sign below:

By: _____

Print Name: _____ Date: _____

If borrower is a corporation, sign below:

Corporation Name: _____

By President: _____

Print Name: _____ Date: _____