



The Business Loan Fund (BLF) of Region 10 League for Economic Assistance and Planning, Inc., (Region 10) is a non-profit loan fund founded in 1984 to assist small businesses. We provide business loans and management assistance for business job creation/retention, for low-to-moderate income entrepreneurs, and for other eligible business purposes.

**ELIGIBILITY:**

- Region 10 BLF loans can be made to businesses located in Delta, Gunnison, Hinsdale, Montrose, Ouray or San Miguel counties.
- Liquor stores, bars, gambling and certain other businesses are not eligible.
- Loan funds may not be used for owner's salaries, personal expenses or delinquent taxes.
- Debt refinancing may be part of overall loan, or in some cases to retain jobs.

**LOAN TERMS:**

- Preferred loan amounts are from \$3,000 to \$250,000.
- Loans normally amortized up to 7 years, real estate may be amortized up to 20 years.
- Interest rates typically range from Wall Street Journal Prime Rate to 12%.
- A \$50 loan application fee may be required to refund cost for credit bureaus.
- Other fees may apply upon loan approval, such as loan closing fees up to 2 basis points or \$100 management assistance fee, as applicable.
- Business owner(s) must personally guarantee their loan.

**INFORMATION NEEDED FOR CONSIDERATION OF LOAN:**

- Amount of loan request.
- Uses of loan funds.
- Capacity (ability of businesses to repay - profitability, cash flow, repayment and term).
- Collateral (secondary source of repayment – assets offered to secure the loan).
- Character (credit and history of business/owners/guarantors).
- Capital (financial strength/equity of business/owners/guarantors).
- Conditions (overall economy and industry of business).
- Management/Business background and experience of owners and key personnel.
- Economic Benefit (jobs created/retained, sales, payroll, taxes, etc.).
- Business Plan (demonstrating ability of business to be successful).
- Other Funds (private/public loans, grants, equity, etc.) contributed to business in addition to Region 10 loan

**Vince Fandel**

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**Outside Resource Available in Completing Application / Business Plan:**

West Central Colorado Small Business Development Center (SBDC)

Marilyn Laverty, Executive Director (970-943-3157)

SBA Small Business Hotline (970-844-2607 x 401)

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- *Equal Treatment of Applicants/Clients*
  - **Region 10 does not discriminate on the basis of race, color, religion, gender, marital status, disability, age, national origin or sexual orientation in services or accommodations offered**

Following is a sample outline for a business plan. A business plan is an essential ingredient for starting and operating a successful business. In reviewing a loan request, a business plan helps the lender understand how the business operates, generates profits and repays debt. Determining business viability is a critical factor in deciding whether a loan request can be approved. Although additional information may be requested, at a minimum, the business plan should include the following elements: (Please keep your business plan as brief as possible while providing the lender adequate information to evaluate your business and loan request):

**BUSINESS SUMMARY:**

- Provide your business legal name(s), its legal structure (Corp, LLC, Partnership, etc.), its owners with percent of ownership and any legal borrowing requirements. (signor', structure, etc.). Describe your businesses. Present any dba's, etc., or other pertinent legal issues affecting lending or encumbering businesses or collateral offered as security.
- Provide the location(s) and brief history of your business or businesses (start-up, retention of an existing business, expansion/ relocation of an existing business, etc). Discuss utilization of business assets and employees.
- Describe your Business Products and Services. Describe of each project(s) requiring funding. Discuss each product or service niches, strengths and weaknesses. Review business expansion/contraction plans, reasons, rational and expected results.

**PROJECT DESCRIPTION:**

- Discuss amount of financing required, date(s) funds needed and Sources and Uses of Funds.
- Provide number of actual and FTE employees currently employed (by work centers). Estimate the actual number, both in total and by FTE, of jobs to be created by project/financing. Of the jobs being created, what is the number of low-to-moderate income (LMI) individuals that your business would be willing to commit to hiring.
- Provide three years of proforma projections incorporating past business history, projected changes in business, expected economic and industry trends, etc. Demonstrate businesses ability to cash flow, repay debt and generate profits for owner(s).
- List and describe all collateral offered as security for loan. This can include non-business collateral or non-owner personal guarantors.

**MANAGEMENT:**

- Identify the key principals in the business, including relevant background experience.
- Provide short resumes for owners and key personnel, focusing on experience, training, and strengths they bring to your business. Including managers (and their titles) responsible for finance, marketing and production/operational/distribution functions.

**MARKETING INFORMATION:**

- Describe and quantify the target market for your goods and services.
- Identify and describe your competition and their strengths and weaknesses.
- Identify and describe the company's "competitive advantage or niches"- characteristics which make it better than or different than the competition in your market/industry.
- Identify any new products, services or tactics you plan for your business.
- If there will be changes in advertising expenses, include a budget showing the change and its expected impact on sales/expenses.

**CONTINGENCY PLANNING:**

- Identify areas of risk to the successful long-term operation of the business and describe your plans to mitigate each.
- Explain how debt will be repaid in the event of business failure.

Provide all the information requested in this application to Region 10. Any information not provided will delay the processing of your application and approval/renewal of your loan. Please let me know if you have any questions.

**ALL APPLICANTS/GUARANTORS** should provide the following (mark the box as provided):

**1. BUSINESS INFORMATION:**

- Name(s) and Legal Structure of all Business Entity(s) (C or S Corporation, LLC, General Partnership, Limited Partnership, Sole Proprietorship, etc.). Include documentation associated with legal structure (Articles of Incorporation, Corporate Bylaws, Partnership Agreements, LLC Operating Agreements, etc). Indicate which entity(s) will repay debt and which own collateral offered as security. Documentation must include Authority to Borrow.
- Ownership of Business (Names of business owner(s) with percentage of ownership).
- Last three years (year-end) and interim (within 90 days or less) balance sheets, income statements and cash flow statements, including at a minimum:
  - Officer Compensation, Owners Draws, COGS, Amortization/Depreciation, Federal and State Income Taxes, Interest Expense, Rent, Management Fees, Income Not Generated by Primary Business Activity, Miscellaneous Income/Expense and Extraordinary Items as separate line items.
- Statement of Sources and Uses of Project Funds. Designate Uses by land/building acquisitions; rehabilitation/construction; machinery & equipment; inventory; refinance of debt; working capital; and other (including intangibles). Designate Sources as new equity from owners; bank/seller/outside loans; Region 10 loan(s); grants; etc.
- Reconcile Capital (if necessary, with explanations).
- Aging of Accounts Receivables and Accounts Payable.
- Business Tax Returns for the last three years (with all supporting schedules).
- Utilizing at least the last two years business tax returns and interim statements as a basis, prepare balance sheet, income statement and cash flow statement projections for at least the next three years. First year on a monthly basis, later years can be presented annually.
- Explain any significant changes in income and expenses from historical numbers. Explain assumptions, especially those used in projecting sales, on a separate sheet if necessary (if not already provided in business plan). (You may use your own forms for the information requested as long as the basic format is followed. If possible, we suggest completing these forms on a computer spreadsheet to save time and avoid calculation errors).
- List collateral offered to secure the loan, such as real estate, vehicles, equipment, inventory, etc. Show the collateral to be purchased with our loan separately. Include the date and owner/vendor it will be purchased from and a copy of its quote/invoice. Real Estate should include the most recent appraisal(s) and property tax information. Each piece of collateral with a value of more than \$500 should be included. Equipment / vehicle lists should include manufacturer, model / serial number, cost and year acquired, and estimated current market value.

**2. OWNER(S) / GUARANTOR(S) INFORMATION:**

- Personal financial statement(s) for each loan applicant(s)/business owner(s)/guarantor(s). Photocopy and provide a separate statement for each applicant unless assets and liabilities are held jointly, as may be the case for married couples.
- Complete personal tax returns for the last two years for each owner and/or guarantor. Please include all supporting schedules, including K-1's and W-2s.

**4. CREDIT CHECK PAYMENT:**

- \$50 check for a non-refundable loan application fee used to offset cost of credit reports, etc.