

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 to businesses unable to obtain financing from traditional sources or that have been referred to us.

## **ELIGIBILITY**

- Region 10 BLF loans can be made to businesses located in Delta, Gunnison, Hinsdale, Montrose, Ouray or San Miguel County.
- 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% per year.
- A \$50 loan application fee may be required for credit bureaus.
- Other fees may apply upon loan approval, such as closing fees of up to 2 basis points or \$100 management assistance fee, as applicable.
- Loan must be personally guaranteed by business owner(s).

## **CONSIDERATIONS FOR LOAN APPROVAL**

- 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 other history of business/owners/guarantors).
- Capital (financial strength/equity of business/owners/guarantors).
- Conditions (overall economy and business specific).
- Management/Business experience of owners and key personnel.
- Economic Benefit (jobs created, retained, taxes, etc.).
- Business Plan (ability of business to demonstrate it can be successful).
- Other Financing obtained in addition to Region 10 loan.

## **RESOURCES AVAILABLE TO HELP IN COMPLETING THE APPLICATION**

- West Central Colorado Small Business Development Center (SBDC)  
(Consulting/business plan services at no or minimal cost)  
Marilyn Laverty, Executive Director (970-943-3157)
- SBA Small Business Hotline (970-844-2607 x 401)

Please be sure to provide all of the information requested in this application to Region 10 no later than May 21, 2009. Any information not provided will delay the processing of your application and approval/renegotiation of your loan. Please let me know if you have any questions.

**I. All applicants/guarantors** should provide the following basic information:

- Personal financial statement(s) for each loan applicant(s)/guarantor(s) - (form enclosed). Please photocopy and provide a separate form 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 applicant and/or guarantor. Please include all supporting schedules, including K-1's and W-2s.
- Short resumes including business specific experience for owners and key personnel
- Description of other business funding sources (if any) and how they will be used.
- List of collateral offered to secure the loan, such as real estate, equipment, inventory, etc. This list should describe each piece of collateral with a value of more than \$500. Equipment should include manufacturer, model number, cost and year acquired. Real Estate should include the most recent property tax information and appraisal. List collateral to be purchased with our loan separately. Include the date and vendor it will be purchased from and its full purchase price(s).
- Business Plan (sample outline enclosed).
- \$50 check for a non-refundable loan application fee used to offset cost of credit reports, etc.

**II. Existing businesses** should provide the following information in addition to the above:

- Business Balance Sheets, Profit and Loss Statements and Cash Flow Statements including the most recent and the previous year end.
- Business Tax Returns for the last three years with all supporting schedules.
- Aging of accounts receivables and accounts payable, if applicable.

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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.**

A business plan is an essential ingredient to a successful business. In reviewing a loan request, it helps the lender understand how the business will operate and generate profits and cash flow. Determining business viability is a critical factor in deciding whether a loan request/renegotiation 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 enough information to complete what has been requested.):

**A. Business Summary**

- In one page or less, capture the strengths and weaknesses of your business. Include any niches it holds in the area and the industry.

**B. Business Description**

- Describe in general the goods or services offered by your business.
- Provide a brief history of the business
- Provide a description of employees and business assets and how they will be utilized.
- If this is a renegotiation, provide a brief review of current business problems and outline how business will be able to repay this loan and other debts/expenses after restructure.

**C. Management Plan**

- Identify the key principals in the business, including relevant background experience. Include changes in plans for personnel or other employment expenses.
- Discuss any business expansion/contraction plans, reasons and expected results.

**D. Market Information**

- Briefly describe and quantify the target market for your goods & services
- Briefly identify and describe your competition
- Identify and describe the company's "competitive advantage"- characteristics which make it better than or different from the competition in your market

**E. Marketing Plan**

- 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.

**F. Financial Plan**

- Using at least the last two years business tax returns and interim statements prepare operating projections. Provide monthly detail for the first year and quarterly summaries for the subsequent next two years.
- Explain any significant changes in income and expenses from past levels.

**G. Contingency Plans**

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