

Golden Isles Development Authority (GIDA) Revolving Loan Fund (RLF)

The RLF is created to assist qualified businesses with access to capital they need to grow. By reducing the need for equity, the RLF focuses on creditworthiness and strength of business plan. In partnership with a local area bank, loans for up to 100% of project cost are available to qualified borrowers. Eligibility and documentation requirements below. Banks are encouraged to contact the GIDA early in the process to discuss applicability.

- Participating bank requirements
 - Must have a physical, staffed operation in Glynn County
 - Must have a CRA reporting performance test of at least High Satisfactory in all areas of evaluation on the most recent publicly available evaluation
 - Bank will underwrite the loan, verify compliance with GIDA RLF minimum standards, and recommend funding to the GIDA
- Borrower requirements
 - Corporate headquarters must be in Glynn County
 - Majority ownership must reside in Glynn County
- Loan requirements
 - Bank must provide at least 50% of project capital
 - GIDA will provide no more than 50% of project capital
 - GIDA interest rate and term length will mirror bank terms

REVIEWING LOAN INFORMATION for Golden Isles Development Authority (GIDA) Revolving Loan Fund (RLF) Minimum Standards

The primary components of RLF eligibility are:

- Type of business- *Public or private non-profit businesses eligible. Can be existing or start-up.*
- Use of Proceeds- *Includes acquisition of real property, infrastructure/site improvements, construction/renovations, utilities, machinery/equipment*
- Size of loan- *Maximum amount generally \$100K, unless project has greater-than-average economic impact*
- Job creation or retention-*project must create new jobs or retain existing jobs. All jobs created must pay competitive wages.*
- Personal Credit History- *The minimum credit score shall be 650. This may be waived at the discretion of the GIDA. If there are any liens, charged-off accounts, or late payments evidenced on the credit report, have the borrower provide a written explanation and/or proof of payment.*
- Character- *Has the borrower ever been convicted of a crime? Is he/she currently on probation/parole? Has he/she ever filed bankruptcy? Have all personal and business taxes been paid current? If he/she has child support/alimony obligations, are they current?*
- Conflict of Interest- *In general, no person who is an elected or appointed official, employee, agent, consultant, officer of any person serving in a similar capacity with any participating public agency, who exercise or have exercised any functions or responsibilities with respect to any RLF activities, can benefit from local RLF activities. Borrower(s) need to sign document stating that they are in compliance with this.*

Financial feasibility components include adequacy of cash flow, structure of the loan, realistic projections, and evaluation of business or business plan.

RLF financial feasibility;

- Repayment Ability- *Business' Cash Flow should reflect a minimum Debt Service Coverage of 1.25:1)*
- Global DSC - *Includes all personal income/debt, as well as the income/debt for all affiliate companies. (The Global DSC should be no less than 1.25.)*
- Equity/Down payment- *How much is the borrower willing/able to inject?*

- Evidence of 50% participation from lending institution- *Bank must provide a commitment letter, which includes the interest rate, term, collateral and any other requirements as a condition of the loan.*
- Collateral-GIDA (and/or bank) should require a 1st lien on all project assets.

Banks' review process should include, at minimum:

- a. Pull Credit Report on the borrowers and business (if existing).
- b. Review PFS for accuracy, signatures, date (should be within 90 days) and source of equity. *Also, verify the CSVLI indicated as some individuals will include the Face Value of the policy as opposed to the cash surrender value.*
 - Review any leases, purchase agreements, franchises/offering circulars, appraisals, environmental studies, corporate documents. *Make sure the term of the lease and the franchise term are equal to, or greater than, the term of the loan. Make sure the environmental assessment indicates either "Low Risk" or "No further action warranted". Make sure the corporate documents (i.e. Articles of Incorporation, Articles of Organization, By-Laws, etc..) match the names/officers provided by the borrower in the application/business plan.*
- c. Determine "Eligibility" for intended loan program (i.e. type of business, size of loan, uses of proceeds, job creation, adequate equity injection, location of business, past criminal activity, credit issues/previous bankruptcies, compliance with franchise guidelines, and compliance with any other GIDA guidelines)
- d. Structure loan according to loan amount/uses of proceeds/collateral/amount of equity
- e. Determine "Financial Feasibility"
 1. Spread Tax Returns/Year-end statements/Projections/Balance sheets
 2. Determine cash flow
 3. Complete Ratio calculations & compare results w/ RMA
 4. Determine Working Capital needs
 5. Prepare Collateral Analysis
 6. Prepare personal Debt/Income ratio (acceptable D/I ratio is 40% or less)
 7. Prepare Debt Schedule on applicant business

8. Prepare Global Cash Flow Analysis (include any other affiliates)
- f. Correspond with applicant or applicant's accountant if any discrepancies surface when comparing the financial information.
 - g. Provide copy of "Use of Proceeds/Loan Structure" to applicant and/or participating bank for their review along with a follow-up letter with Bank's recommendation regarding loan structure and terms.
 - h. If the applicant and bank concur with the recommendation, then prepare the credit memo for GIDA review.