



United States Department of Agriculture
Gemstar Micro Loan Program
Manual and Application

Revised 8 December 2014

MCABI



GEMSTAR MICRO LOAN PROGRAM MANUAL

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The GEMSTAR micro loan program was established in 2012 with grant funds received from a USDA Rural Business Enterprise Grant Program. The program is a joint effort between NWTC (Northeast Wisconsin Technical College), MCABI (Marinette County Association of Business and Industry, Inc.) and FCEDC (Florence County Economic Development Commission). The goal of this program is to provide entrepreneurs in rural and underserved communities in Marinette and Florence Counties the knowledge and resources needed to launch or expand a small business in Northeast Wisconsin. The micro loan program was established to provide very small businesses not adequately served by the traditional financial system access to both business training and a micro loan up to \$10,000.

TECHNICAL ASSISTANCE

Loan program applicants must first meet with an NWTC Micro Business Educator to assess their business needs and develop a customized entrepreneurship training plan. Technical assistance will be accelerated, hands-on and primarily in a one-on-one format. Included in this training will be assistance for developing the business plan and financial projections required to apply for a micro loan. The client may apply for up to a \$10,000 micro loan to accomplish their business start-up or business expansion goals.

ELIGIBLE LOAN ACTIVITIES

Funds may be used to purchase equipment, fixed assets, furniture and fixtures, inventory and other working capital items. Funds cannot be used to refinance existing debt or for reimbursement of expenditures already made.

CONDITIONS

Loan Amount: From \$2,000 up to \$10,000 subject to availability of funds.

Interest Rate: Three percent (3%)

Location: Activities financed must be located in Florence or Marinette County during the loan term.

Applicant: Must be a small and emerging private business enterprise as defined by USDA Rural Development: a private business employing 50 or fewer new employees and with less than \$1 million in projected gross revenues. Must not be an officer, employee or board member of FCEDC, MCABI or NWTC. Blood relatives of the same are also ineligible.

Feasibility: Applicants must show the proposed project is viable and there is ability to repay.

Loan Fees: There is a \$100 loan origination fee from \$2000 to \$4999 and \$200 fee for loans from \$5000 to \$10,000 payable at the time of loan disbursement via check.

Loan Terms: Maximum fixed term is five years. One loan allowed per business within two years.

Collateral: Will be determined on a case-by-case basis. The loan review committee will seek the best possible collateral position to secure the loan. Personal guarantees and proof of appropriate insurances are required.

Repayment: Loan payments are due monthly. All payments are to be made via direct deposit from the loan recipient's bank to The State Bank of Florence. There is no penalty for early loan payoff.

APPLICATION PROCESS

Applications may be submitted at any time to the Florence County Economic Development Authority or the Marinette County Association for Business and Industry, Inc. and will be processed in the order received. Please allow 30-60 days to complete the application process. The application will include:

- Balance Sheet & Income Statement for the last three fiscal years for an existing business.
- Earnings projections for three (3) years from date of application, assumptions included.
- Cash Flow analysis on a monthly basis for the first (1st) year of operation.
- List of proposed collateral
- Personal Financial Statement for owners
- Resume(s) management team
- Signed copies of personal and business Federal Tax Returns for the past three years.
- Business Plan and Financing Proposal as developed or reviewed via the NWTC process.
- A list of equipment or items to be purchased with loan proceeds.

The completed application will then be forwarded to NWTC for review. NWTC will meet with the applicant to determine education weaknesses that could hinder successful business operations and agree on an educational program to address those weaknesses.

Following NWTC's meeting with the applicant, NWTC will call a meeting of the full review committee to render a decision on the loan. The agency first receiving the application will then notify the applicant of the loan approval or denial and finalize any approved loan applications with The State Bank of Florence

LOAN REVIEW PROCESS

Loan Review Committee: will review application for completeness, eligibility, and accuracy. Once all documents and information are reviewed, final approval will be determined by this committee. This committee consists of the director of FCEDC, director of MCABI, Dean of NWTC Marinette Campus and one business member at large.

Notice of Award: After the loan is approved and terms finalized, a closing date will be scheduled.

PERFORMANCE MONITORING

Each loan is monitored for compliance with all terms and conditions of the loan by the economic development director for the county where the business is located. The borrower shall be required to provide director any and all documentation and records on demand or on-site inspection deemed necessary to determine loan compliance. Failure to meet all terms and conditions may place the loan in default.

DEFAULT AND PENALTIES

All loan payments are due monthly. All payments are to be made via direct deposit from the recipient's bank to The State Bank of Florence. Any request for relief from payments shall be directed by letter to the respective economic development director who will bring the request to the loan review committee for decision. Failure by borrower to make any payment of principal or interest within 30 days after payment is due or failure to meet agreed upon loan terms and conditions shall be considered delinquent and a 3% penalty on the outstanding balance will be applied. Failure to make a payment after 90 days will be considered in default. The Gemstar Microloan Committee will begin to work with the loan recipient after the 30 day delinquency period to try to determine a means to avoid the loan getting to the default stage whenever possible. In the event of default, all sums due and owed shall become

immediately due and payable upon written notice to the borrower. The notice shall specify the default, the action required to cure the default, and a date not less than 30 days from the date of the notice, by which the default must be cured to avoid foreclosure or other actions or penalties. Each default will be reviewed and addressed individually by loan review committee.

LIQUIDATION

Immediate liquidation of security is authorized and approved by the borrower under any of the following conditions:

- The borrower is in default in the payment of one or more payments due or conditions contained within the loan documents and have not taken action to cure the default or make acceptable arrangements to cure default.
- Foreclosure or other proceedings have been instituted which may jeopardize the borrower's ability to repay the micro loan.
- A borrower has filed a voluntary petition or an involuntary petition has been filed against the borrower pursuant to any of the provisions of the Bankruptcy Act, as amended.
- A receiver has been appointed or other judicial action taken for the purpose of liquidating the borrower's assets.
- The borrower has made an assignment for the benefit of creditors which may result in the liquidating of assets.
- The borrower is in default and has discontinued or abandoned the business and has not submitted an acceptable plan of payment.
- The failure of the borrower to disclose in the loan application any fact deemed by the loan review board to be material misrepresentation or the making of any false statement by, on behalf of, or for the benefit of, the borrower in the loan application.

FORECLOSURE OF COLLATERAL

Real and personal property pledged as security for payment of a loan in default may be confiscated and sold in accordance with provisions of the loan agreement whereby such property was pledged as collateral.

OTHER PROVISIONS

Future changes to this manual must be approved by the Loan Review Committee administering these loans, adopted by the MCABI board and given formal approval in writing by USDA Rural Development.

The GEMSTAR Micro Loan Program and its partnering agencies are equal opportunity providers,

Approved by GemStar Committee on _____

Approved by USDA on _____

APPLICATION

GEMSTAR MICRO LOAN PROGRAM

Applicant name				Date Submitted			
BUSINESS INFORMATION							
Name of Business							
Mailing Address							
Street Address							
City				Zip Code		County	
Business Phone		Cell				Other #	
Contact Person							
E-mail Addresses							
Financial Consultant, if any				Phone/ Email			
Principal Product or Service							
Current employees				New jobs Added			
SIC Code		Federal tax ID #		NAICS		DUNS	
Date business created				Social Security #			
Company Structure:		Sole Proprietorship		Partnership		Limited Partnership	
Corporation		(C)		(S)		(LLC)	
Indicate type of project micro-loan will fund							
Business		Start-up		Expansion		Retention	
Amount of Loan Requested				Proposed Collateral			

I. INFORMATION ON ALL OWNERS

Name		Title	
Address		% of Ownership	
City State Zip			
Social Security Number		D.O.B.	

Name		Title	
Address		% of Ownership	
City State Zip			
Social Security Number		D.O.B.	

Name		Title	
Address		% of Ownership	
City State Zip			
Social Security Number		D.O.B.	

II. SOURCE OF FUNDS

1	Owners' Equity	\$	
2	GEMSTAR Micro Loan	\$	
3	Bank Financing	\$	
4	Other Financing	\$	
	Total Project Cost	\$	

III. USE OF FUNDS

1	Equipment	\$	
2	Furniture and Fixtures	\$	
3	Inventory	\$	
4	Payroll	\$	
5	Other	\$	
	Total Use of Loan Funds	\$	

IV. BUSINESS INDEBTEDNESS

Provide the following information on all outstanding debt that the business presently owes or is responsible to pay.

Payable to Whom	Original Loan	Original Date	Current Balance	Interest Rate	Maturity Date	Monthly Payment	Collateral

V. ADDITIONAL QUESTIONS

Have you or any officers of your company ever been involved in bankruptcy or insolvency proceedings? Yes No If yes, please provide details as a separate exhibit.

Are you or your business involved in any pending lawsuits? Yes No If yes, please provide details as a separate exhibit.

Do you or your spouse or any member of your household, or anyone who owns, manages, or directs your business or their spouses or members of their households work for either Florence or Marinette County or hold an official position within either County? Yes No If yes, please provide the following information:

Name _____ Department/Position _____

Address _____

Does your business, its owners or majority stockholders own or have a controlling interest in other businesses? Yes No If yes, please provide the following information along with a current balance sheet and operating statement for each as a separate exhibit.

Name _____ Department/Position _____

Address _____

Do you buy from, sell to, or use the services of any concern in which someone in your company has a significant financial interest? Yes No If yes, provide details in a separate exhibit.

Are any of the individuals listed under "Management" on parole or probation? Yes No If yes, please provide details as a separate exhibit.

Have any of the individuals listed under "Management" been convicted of a crime? Yes No If yes, please provide details as a separate exhibit.

INDIVIDUAL FINANCIAL STATEMENT

IMPORTANT: Date and sign statement

Date of Financial Statement: _____

Name: _____

Address: _____

To: _____

For the purpose of obtaining credit from Lender and any future credit granted by Lender, or to support the extension of credit already given, I make the following statement to Lender of my financial condition on this date: _____. This statement is the Lender's property.

For Wisconsin residents only: I am married unmarried legally separated

Name of Spouse _____ Address _____

NOTICE TO MARRIED APPLICANTS: No provision of any marital property agreement, unilateral statement under §766.59, Wis. Stats., or court decree under §766.70, Wis. Stats., adversely affects the interest of the creditor unless the creditor, prior to the time the credit is granted or an open-end credit plan is entered into, is furnished a copy of the agreement, statement or decree or has actual knowledge of the adverse provision.

INSTRUCTIONS FOR INFORMATION TO BE SUPPLIED BELOW:

Individual Credit: If a married applicant is applying for individual credit, complete this statement including all marital property and all individual property of the applicant, but do not include individual property of the non-applicant spouse. Include all liabilities of both spouses. Only the applicant must sign on page 2.

Joint Credit with spouse as joint applicant: If married applicants are applying for joint credit, include all assets and all liabilities of both spouses. Both spouses must sign this statement.

Joint Credit with _____, as joint applicant, who is not your spouse. If a married applicant is applying for joint credit with someone other than his or her spouse, each applicant must complete a separate statement as if applying for individual credit, including all marital property and all individual property of the applicant. Do not include any individual property of the non-applicant spouse. Include all liabilities of the applicant and the applicant's spouse. Only the applicant must sign on page 2.

For purposes of this statement: Marital property means assets acquired with my or my spouse's income on or after January 1, 1986; and Individual Property means property owned (whether in joint or sole name) by me prior to marriage, prior to establishing residence in Wisconsin, or prior to 1-1-86, however acquired, and property acquired by me by gift or inheritance at any time.

COMPLETE ALL B LANKS , WRITING " NO" OR " NONE" WHERE NECESSARY

ASSETS		LIABILITIES OF APPLICANT AND SPOUSE	
Cash on Hand and in Financial Institutions (Schedule A)		Notes Payable – Lenders/Secured (Schedule E)	
Gov't and Listed Securities (Schedule B)		Notes Payable – Lenders/Unsecured (Schedule E)	
Unlisted Securities (Schedule B)		Notes Payable Others (Schedule E)	
Notes and Loans Receivable (Schedule F)		Life Insurance Loans (Schedule C)	
Homestead and Real Estate Owned (Schedule D)		Due to Brokers	
Automobiles		Accounts Payable	
Other Personal Property:		Unpaid Income Taxes	
Cash Value Life Insurance (Schedule C)		Real Estate Mortgages Payable (Schedule D)	
Securities Held by Brokers in margin Accts.		Real Estate Taxes	
Equity in Partnership		Credit Cards	
Equity in Proprietorship		Other Debts (itemize Below)	
Vested Pension Benefits or Profit Sharing			
Other Assets: (Itemize Below)			
		Other Debts itemized Below	
		Total Liabilities	
		Assets less Liabilities = Net Worth	
		TOTAL LIABILITIES and NET WORTH	

SOURCES OF INCOME FOR YEAR ENDED		CONTINGENT LIABILITIES OF APPLICANT AND SPOUSE	
Salaries & Bonuses*		As Endorser, Co-Maker, or Guarantor	
		On Lease or Contracts	
Commissions		Legal Claims	
Dividends & Interest		Other (describe)	
Real Estate			
Other **			
TOTAL		TOTAL	

*For Married Wisconsin residents, name each spouse include the income of each spouse.

**Income from alimony, Child Support or Separate Maintenance income and income from medical insurance, disability or wage continuation insurance need not be revealed if you do not wish the Lender to consider this income on determining your credit worthiness.

PERSONAL INFORMATION

Home Telephone: _____ Social Security No: _____

Are any assets pledged or restricted other than indicated on following schedules? Yes No If so, describe: _____

Are you a defendant in any legal actions or suits? Yes No If so, describe: _____

Are you a partner or officer in any other venture? Yes No If so, describe: _____

Do you have a will? Yes No If so, name of Personal Representative: _____

Have you ever been declared Bankrupt? Yes No If so, describe: _____

Date of Birth: _____ Driver's License No. and State: _____

COMPLETE SCHEDULES AND SIGN

Identify schedule: add pages if necessary

Schedule A – Cash, Checking Accounts, Savings Accounts, & Certificates of Deposit

Type	Name of Financial Institution	Amount	In Name of:	Pledged	
				Yes	No
TOTALS					

Schedule B – U.S. Government, Listed & Unlisted Securities

No. of Shares or Face Value (of Bonds)	Description*	Owner	Market Value	Pledged	
				Yes	No
TOTALS					

*Indicate if Securities are Restricted By Contract or SEC Regulations

Schedule C – Life Insurance Carried, Include Group

Face Amount	Name of Company	Owner	Beneficiary	CASH SURRENDER	
				Value	Loans
TOTALS					

Schedule D – Real Estate owned

Address & Type of Property	Date Acquired	Owner	Cost	Market Value	Mortgage			Insurance
					Balance	Amount	Monthly	
TOTALS								

Schedule E – Names of Banks or Other Lenders Where Credit has Been Obtained

Name & Address of Lender	Borrower	Date Made	Monthly Payment	Due	High Credit	Current Balance		Sec. Or Unsec.
TOTALS								

Schedule F – Notes and Loans Receivable

Unpaid Amount	Name of Maker	Date Made	Security Pledged

NOTICE: We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

I certify that this financial statement is true and complete. I authorized Lender or its agents to verify the information obtained in this statement and to obtain additional information concerning my financial condition, including, without limitation, consumer credit reports, although Lender may rely on this financial statement without any further verification. I authorize Lender to furnish such information and any other credit experiences with me to others and to answer any questions about my credit experience and other financial relationships with lender, to the extent not prohibited by applicable law. I agree to notify Lender, in writing, of any change that materially affects the accuracy of this statement. Lender may share information bearing on my credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics or mode of living with its affiliates unless: (1) I direct Lender at the address above that such information is unrelated to my transactions or experiences with Lender, and may not be shared by Lender with its affiliates, (2) the information constitutes "medical information" as defined under applicable federal law or (3) the information when provided to an affiliate would constitute a "consumer report" under applicable federal law.

It may be a crime punishable by a fine or imprisonment or both to knowingly make false statements concerning any of the above information, under provisions of applicable federal and state law.

X

Applicant Signature

X

Type or Print Name

X

Joint Applicant Spouse Signature (joint credit only)

X

Type or Print Name

For married Wisconsin resident: I understand Lender may be required by law to give notice of any credit transaction to my spouse. The credit applied for, if granted will be insured in the interest of my marriage and family.

X

Applicant Signature

X

Type or Print Name

X

Date