

SAMPLE LOAN APPLICATION

This proposal addresses the eight various criteria of business expansion, plus a review of the loan terms.

The purpose of this loan request would be to utilize these Revolving Loan Fund proceeds, to expand our existing building, buy machinery and equipment and hire 10 employees. This expansion would occur in Two Rivers Industrial Park.

Job descriptions and pay rates.

We will hire an additional 10 permanent full-time employees to produce widgets. These employees will be hired locally. Six of those employees will initially be low-to-middle income persons. Those 10 employees will be as follows:

JOB DESCRIPTION

ANTICIPATED PAY RANGE

Secondly, our project will have a high potential for generating additional spin-off development since manufacturing of our product is one of a few base components which is quite essential for all other manufacturers, both inside and outside of Wisconsin. The increased production of these units will even out the peaks and valleys of our neighboring manufacturers.

Our plant expansion will have a positive impact on Two Rivers and the surrounding area. It will employ local building contractors and their subcontractors along with further increasing the industrial tax base. In addition, it will provide a multiplier effect of such infusion of capital into our community.

Third, we will not request any additional infusion of local tax dollars for our project since all publicly owned utilities are at the site of our expansion. This would positively affect the community and the residents. Our anticipated new building project will cost \$_____ to develop.

Fourth, we would contribute substantially more private dollars than requesting public dollars. We intend to borrow \$50,000 or one third of the project cost, from the City to construct a 5,000 sq. ft. addition to our present building in the City's Industrial Park. We will purchase approximately two acres from the City at \$_____/acre for a total cost of \$_____.

The balance of the project financing will come from First East Coast Bank and Corporate cash. First East Coast Bank will lend us \$80,000 at 10% interest amortized over 120 months. See the attached letter of commitment. The corporation has the remaining \$20,000 in cash. See the **attached statement** from First East Coast Bank pertaining to the \$20,000 in cash. This expansion fits into our business plan. Please see our attached plan.

Fifth, we will provide a high degree of potential benefits to the residents of Two Rivers in relation to the risks associated with providing the assistance requested. As previously stated, we are requesting a \$50,000 public loan with a first mortgage. These loans to be leveraged with \$100,000 private monies, in relation to our most recent assessed value, by the Department of Revenue, amounts to \$1,000,000 or a 15% expansion of our building.

The plant expansion will generate additional tax dollars by increasing the tax base by \$150,000

or over \$3,000 per year of additional real estate taxes.

Being that we are an established company, the degree of risk is low. Further, proof of risk can be measured by the banks interest charge of 10%. A riskier venture would be 2% to 4% on top of our rate.

Sixth, our plant expansion will have a positive impact upon the economy of Two Rivers. The positive impact on the economy is to give people jobs to reduce unemployment and to increase the tax base for the community. The positive impact on the local economy of a multiplier effect can be shown by the following example; Approximately 90% of the wages paid to the employees will be spent in the community and re-spent by employees servicing the needs of our employees, expanding the velocity of the money two and half times throughout the local economy. From super markets to supper clubs, all will benefit from our expansion.

Further, we will use more electricity, natural gas, and water along with increased sewer use, which should decrease the fixed expenses of these utilities on a "per unit" basis, saving everyone money. Because of our stability, our guaranteed repayment to the City can be again reused for other expanding business.

Seventh and Eighth, this expansion will have a positive impact on the neighborhood within which it would be located, including the surrounding industrial properties. Also our expansion is in conformance with the existing City comprehensive and economic plans. By adding onto our existing building within the Industrial Park, we will not be displacing anyone. Everything built in the Industrial Park is a compatible land use, as referenced in the Restrictive Covenants of the City's Industrial Park, the City's Comprehensive Plan and the Economic Policy Manual for the City of Two Rivers.

We would like approval of this \$50,000 loan request in order that we may do more for our community.

Sincerely,