



**VERMONT ECONOMIC  
DEVELOPMENT AUTHORITY**

**DIRECT  
LOAN  
PROGRAM**  
SUBCHAPTER 5

*The Vermont Economic Development Authority (VEDA) was created by the General Assembly in 1974. Its purpose is to promote economic growth and increase employment through a variety of financing programs for eligible and qualified projects. The twelve members of the Vermont Economic Development Authority Board are Vermont residents, nine of whom are appointed by the Governor; the three ex-officio members are the State Treasurer, the Secretary of the Agency of Commerce and Community Development and the Secretary of the Agency of Agriculture.*

### SUBCHAPTER 5 – GUIDELINES

The direct loan program is designed to make low-interest loans available to businesses for the purchase of land, the purchase or construction of buildings and the acquisition of machinery and equipment for use in an “eligible facility” which is defined as being suitable for: quarrying; mining; manufacturing; processing (including the further processing of agricultural products); assembling or warehousing; conducting research and development; use as the national or regional headquarters of a multi-state business; travel and tourism related projects and related recreational activities; collecting or processing of waste material or controlling pollution; converting post consumer materials into industrial feed stocks, or manufacturing products from these feed stocks; the business of information technology or the collection or managing of data; a captive or commercial insurance underwriter, a mortgage, commercial, or consumer credit provider; or use as a small business incubator facility.

VEDA may make loans for up to 40% of the cost of a project (usually less if other government-subsidized funds are involved), with the applicant generally participating to the extent of 10% of the project costs and the balance being loaned by an independent private sector lender or government agency. VEDA’s total participation in a project may not exceed \$1,300,000 for land and buildings and/or machinery and equipment. If a project involves on-site generation and consumption of renewable energy, loan limits may be higher. VEDA cannot finance or refinance existing company assets or debt.

In accordance with normal lending practices, VEDA collateralizes its loans with mortgages on real estate and/or security interests in machinery and equipment. Personal guarantees of principals are required. Currently, the term for real estate loans is 10 years, generally amortized on a 15-year basis. The maximum term for machinery and equipment loans is 7 years.

Completed applications for financing must be received by VEDA at least three weeks prior to the next scheduled monthly meeting of the Authority in order to be heard at that meeting. Loan applications under \$250,000 may be approved in-house by VEDA Staff. Applicants are advised to discuss their proposed project with VEDA Staff prior to submitting the application. A written commitment from all other lenders or guarantors involved in the project must be included in the application. A processing fee of 1.0% (capped at \$3,500) is payable to the Authority when

VEDA’s loan commitment letter is executed and returned by the applicant.

Principals of the applicant may be asked to be in attendance to answer questions when the VEDA Board considers the application. Meetings are open to the public, subject to certain exceptions.

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### 1 SUMMARY PAGE

- a. Name of applicant, address and telephone number
  - b. Project costs:
    1. Land
    2. Land improvements
    3. Building
    4. Machinery and equipment
    5. Professional fees (lawyers, accountants, architects, etc.)
    6. Other (contingency, construction interest, etc.)
    7. Total
  - c. Amount and source of funds (include terms and interest rates of loans):
    1. Bank
    2. VEDA
    3. Public agency (SBA, Rural Development, Municipality, Local/Regional Revolving Loan Fund, etc.)
    4. Local development corporation
    5. Equity
    6. Total
  - d. Brief project description (See Section 4)
  - e. Name, title and telephone number of individual who prepared this application
  - f. Name, title and telephone number of individuals who will be the primary contact with VEDA (if different than e.)
  - g. Applicant Taxpayer Identification Number
  - h. DUNS number and e-mail address  
<http://fedgov.dnb.com/webform>
  - i. Signature and title of applicant; date of application
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## **2 PRINCIPALS**

Personal resumes (including Social Security numbers) of all principals and/or officers, outlining education and employment history, particularly as it pertains to the present project. Include title and percent of ownership of each principal.

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## **3 BUSINESS HISTORY**

Narrative of business or corporate history.

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## **4 PROJECT DESCRIPTION**

Describe what is to be purchased or built with project funds. This exhibit should include, at a minimum:

- a. The amount and cost of land and a description of the project building or building addition. Include construction estimates and, if the project involves the purchase of land or buildings, include a copy of the purchase agreement. In certain circumstances an “as built” appraisal may also be required.
  - b. A description of the machinery and equipment to be purchased with the proceeds of the project. Include manufacturers’ names and model numbers and price quotes.
  - c. If the project includes the purchase of an existing building or used machinery and equipment, an appraisal performed by a reputable appraiser experienced in valuing assets of the type being purchased is required.
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## **5 BUSINESS PLAN**

The Business Plan should include, but need not be limited to, a discussion of the following elements:

- a. Business environment:
  1. Size and character of the past, present and future markets for the business’ products
  2. Principal competitors and their market shares
  3. Principal customers (include names of individuals to contact, their addresses and telephone numbers)
  4. Principal suppliers (include names of individuals to contact, their addresses and telephone numbers)
  5. Competitive advantage of the business (e.g., price, performance, delivery, service, etc.)
- b. Marketing plan:
  1. Organization of the sales force
  2. Distribution channels
  3. Advertising/promotion strategy
- c. Production plan:
  1. Production capabilities including programs for:
    - a) Production control and scheduling

- b) Inventory control
    - c) Quality control
  2. Availability and price of raw materials
  3. Provision for training of employees
  4. Contingencies for future expansion or contraction
  - d. Management structure, including key personnel and their functions
  - e. Terms of trade credit
  - f. Business location including consideration for:
    1. Labor pool
    2. Transportation
    3. Utilities
    4. Expansion possibilities
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## **6 FINANCIAL PLAN**

Provide detailed historical and projected financial information, including:

- a. CPA prepared financial statements for the past three years including income statements, balance sheets and sources and uses of funds and associated footnotes.
  - b. If the applicant is a subsidiary or is closely affiliated with another corporation, supply financial statements for the parent corporation or affiliate for the last three years.
  - c. Projected income and cash flow statements and balance sheets for the present fiscal year and three years forward. Start-up or development stage businesses should also provide a monthly cash flow statement for the first year or until the business is projected to reach breakeven. List all material assumptions included in the projections.
  - d. Personal financial statements for all principals with ownership equal to or greater than 20% of the business.
  - e. Sources and terms of funds to be borrowed for working capital and for the planned purchase of other assets not included in the VEDA project.
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## **7 PROJECT TIMETABLE**

Timetable for completion of project.

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## **8 EMPLOYEE COMPENSATION AND BENEFITS**

In an attempt to gather more in-depth and accurate information on job creation, we request that the applicant provide certain information to assist VEDA in ascertaining its impact on and value to the Vermont economy. We understand that projected employment data is difficult to predict and that future employment data may not meet projections, but request that the applicant make a reasonable estimate of future employment that corresponds to its current financial projections. (Please account for part-time employees on a full-time equivalent basis.)

Please complete the attached Employee Compensation and Benefits table.

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## **9 LENDER COMMITMENTS**

Letters of commitment from all other participating lenders or guarantors, including banks and other private and/or public institutions or entities. Include relevant resolutions of boards or committees, executed by appropriate individuals. For all non-bank private lenders/investors in the project, please provide full name, address and Tax Identification Number (for an entity) or Social Security Number (for an individual).

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## **10 BANKING RELATIONSHIPS**

Provide a list of all loan obligations which the business currently has outstanding, and for each loan indicate the original and current principal balance; the type of loan and collateral pledged; the terms and conditions thereof; and the name and telephone number of the loan officer.

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## **11 BANKRUPTCY/LITIGATION**

Provide a brief written description including the details of any bankruptcy, receivership, compromises with creditors, any pending litigation, criminal charges or criminal convictions other than minor motor vehicle violations, against the applicant, company, officers, directors or principal stockholders. If none of these circumstances pertain, include a statement to that effect.

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## **12 CERTIFICATE OF AUTHORITY TO DO BUSINESS IN VERMONT**

If applicant is an out-of-state domiciled company, include Certificate of Authority to do Business in Vermont.

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## **13 ADDITIONAL INFORMATION REQUIRED**

**VEDA Form 4A** - Findings of Planning Commission, Board of Selectmen or other appropriate body (required only if this project includes the construction or renovation of real property).

VEDA's enabling legislation limits financing for real estate projects to those which are able to establish compliance with applicable local and state environmental, zoning, planning and sanitary laws and regulations. The submission of an application for VEDA financing constitutes a representation that, to the best of the applicant's knowledge, the project and its plans will comply with all such laws and regulations. Prior to or contemporaneous with closing of a transaction, evidence such as an opinion of legal counsel or an engineer's or architect's certificate, as appropriate, shall be submitted establishing final project plan compliance with applicable laws and regulations.



## Employee Compensation and Benefits

	Before Project (at time of application)	Within 3 Years
<b># of full-time hourly employees</b>	_____	_____
<b>Average hourly wage <i>without</i> benefits:</b>	\$_____/hr	\$_____/hr
<b>Average hourly wage <i>with</i> benefits:</b>	\$_____/hr	\$_____/hr
<b># of salaried employees:</b>	_____	_____
<b>Average annual salary <i>without</i> benefits:</b>	\$_____/yr	\$_____/yr
<b>Average annual salary <i>with</i> benefits:</b>	\$_____/yr	\$_____/yr
<b>Employee benefits as % of total payroll:</b>	_____%	_____%

	FY_____	FY_____	FY_____
<b>Total payroll last three years:</b>	\$_____	\$_____	\$_____

Please describe benefits offered to employees:

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**VEDA No. 4A**  
**VERMONT ECONOMIC DEVELOPMENT AUTHORITY**

(To be completed by Municipal Planning Commission, Town Board of Selectmen or other appropriate municipal entity.)

Name of Board or Commission \_\_\_\_\_

Description of Proposed Project or Industrial Park \_\_\_\_\_

Municipality in which Proposed Project or Industrial Park is to be located \_\_\_\_\_

\_\_\_\_\_

The undersigned \_\_\_\_\_

(Board or Commission)

of the City / Town of \_\_\_\_\_, Vermont, after a study of the proposed project site, a review of municipal ordinances and applicable land use plans and a general study of the effects of the Proposed Project or Industrial Park upon the municipality and region in which it is to be located, herewith submit the following findings at the request of the Vermont Economic Development Authority:

1. That the Proposed Project or Industrial Park (will) (will not) violate existing zoning ordinances, regulations or local land use plans, and will be located in a district zoned \_\_\_\_\_.
2. That the Proposed Project or Industrial Park (is) (is not) in accord with a duly adopted municipal land use plan.
3. That the Proposed Project or Industrial Park (will) (will not) involve unusual costs to the community.

If affirmative – estimate costs:

Water Mains \$ \_\_\_\_\_ Street Extension \$ \_\_\_\_\_

Sewer Mains \$ \_\_\_\_\_ Other costs (itemized) \$ \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. That the Proposed Project or Industrial Park (is) (is not) in the best interests of the community for the following reasons and (is) (is not) supported/approved by the above Board/Commission: \_\_\_\_\_

\_\_\_\_\_

Date: \_\_\_\_\_ Signatures: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**APPLICANT CERTIFICATION**

I / We hereby certify that the information contained in our application for funding from the Vermont Economic Development Authority or any of its component units dated \_\_\_\_\_ is complete and accurate to the best of my/our knowledge, and authorize all inquiries deemed necessary to verify the accuracy of the information I/we have and will provide in connection therewith.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Date