



**VERMONT ECONOMIC  
DEVELOPMENT AUTHORITY**

**LOCAL  
DEVELOPMENT  
CORPORATION  
LOAN PROGRAM  
SUBCHAPTER 3**



# LOCAL DEVELOPMENT CORPORATION LOAN PROGRAM

SUBCHAPTER 3 7-31-15

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## SUBCHAPTER 3 – GUIDELINES

This program provides loans to nonprofit local and regional development corporations (LDC) for the purchase of land for industrial parks, industrial park planning and development, and the construction or improvement of speculative buildings or small business incubator facilities. Loan terms vary depending on the purpose of the loan and the Authority requires a first mortgage on the project assets. Industrial park loans cannot exceed 80% of the appraised fair market property value.

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 \$350,000 may be approved in-house by VEDA Staff. Applicants are advised to discuss their proposed project with the VEDA Staff prior to submitting an application, which must include written commitments from all other lenders involved in the project.

Principals of the proposed tenant (if the project involves a “spec” building), the participating banker (if any) and a representative from the LDC should be in attendance to answer questions when the Members of the Authority meet to consider the application. Meetings are generally open to the public subject to certain exceptions.

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### ① SUMMARY PAGE

- a. Name of LDC 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, Municipality, etc.)
  4. LDC
  5. Tenant
  6. Total
- d. Brief project description (See Section 2)
- e. Available collateral other than project assets

- f. Name, title and telephone number of individuals who prepared this application
  - g. Name, title and telephone number of individual who prepared this application
  - h. Name and address of individual who will be the primary contact with VEDA (if different than f.)
  - i. Name and address of registered agent (legal representative for notification purposes) in Vermont
  - j. Signature and title of applicant; date of application
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### ② PROJECT DESCRIPTION

Describe what is to be purchased or built with funds borrowed from VEDA. This exhibit should include, but need not be limited to:

- a. Legal description of land and building, physical description with diagrams and/or blueprints. Include purchase and sales agreement for land and/or building to be acquired (if applicable) and/or construction estimates.
  - b. Appraisal of real property to be purchased or constructed performed by an appraiser acceptable to the Authority.
  - c. Appraisals of any other assets offered as collateral, performed by an appraiser as above.
  - d. Provisions for all utilities.
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### ③ TENANT INFORMATION

If the project funds will be used to construct or improve a facility for specific tenant(s) or end-user(s), supply the following information about each tenant:

- a. A lease or letter of intent between the LDC and each tenant
- b. Narrative of business or corporate history
- c. Business plan including discussion of:
  1. Size and character of past, present and future markets for the business’ products
  2. Principal competitors and their market shares
  3. Competitive advantage (e.g., price, performance, delivery, service, etc.)
  4. Marketing plan
  5. Production plan
  6. Management structure including key personnel
- d. Financial information, including:
  1. CPA prepared financial statements for the past three years including income statements, balance sheets and statements of sources and uses of funds with associated footnotes.

2. If the tenant is a subsidiary of, or affiliated with another corporation, supply financial statements for the parent corporation or affiliate for the last three years.
3. 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.
4. 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 other than VEDA-financed assets, including working capital financing
- f. Banking relationships
  1. Loan officers
  2. Types and terms of loans
- g. Details of any bankruptcy, receivership, compromises with creditors, any pending litigation, criminal charges or criminal convictions other than minor motor vehicle violations, against the company, officers, directors or principal stockholders. If none, include a statement to that effect.

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#### **4** MARKETING PLAN

If project funds are to be used to develop an industrial park, supply the following:

- a. Assessment of the need for the park in the area, including the existence of competitive properties and the demand for new industrial sites.
- b. Evidence that the proposed site is feasible as a location for business in terms of the adequacy of labor supply, transportation access and the project's compatibility with local and state environmental, planning and zoning regulations..
- c. Strategy for marketing the park property, including a discussion of prospective tenants and projected land sale prices.
- d. Plan for meeting projected expenses and debt service during the development/marketing phases.

If the project involves development of a small business incubator facility, supply the following:

- a. Assessment of the need for the incubator facility in the area, including a comparison of proposed lease rates with prevailing local occupancy costs.
- b. Evidence of LDC's ability to operate a successful incubator facility, including plans for marketing and managing the property and meeting projected expenses and debt service during the construction/marketing phases.

- c. Discussion of potential availability of tenants and types and wage rates of jobs to be created by the project.
- d. Plan for providing management and technical assistance and support services to tenants.

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#### **5** PROJECT TIMETABLE

Timetable for completion of project.

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#### **6** LOCAL APPROVAL FORM 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).

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#### **7** PROJECT PLANS COMPLY CONFIRMATION

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 borrower'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.

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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 borrower provide certain information for each tenant 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 borrower make a reasonable estimate of tenants' future employment that corresponds to their current financial projections. (Please account for part-time employees on a full-time equivalent basis.)

Please complete the attached Employee Compensation and Benefits table for each tenant.

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## 9 LENDER COMMITMENTS

Letters of commitment for funding from all other participating lenders, including banks and other institutions, the LDC and public agencies. Include copies of relevant resolutions of boards or committees, certified by the appropriate individuals.

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## 10 LDC INFORMATION

- a. Names and addresses of all officers and directors of the corporation, their occupations, background and experience with projects of this kind.
- b. Balance sheets, income statements and sources and uses of funds statements of the corporation for the past three years.
- c. Statement of the financial resources of the corporation, including its ability to raise money in the community and to borrow money.
- d. Copy of articles of association certified to by the Secretary of State.
- e. Copy of by-laws certified to by the secretary of the corporation.
- f. Description of involvement in any previous VEDA Subchapter 3 projects.
- g. Please provide DUNS Number and e-mail address.  
<http://fedgov.dnb.com/webform>

Exhibit 10 may be omitted if this information has been submitted to the Authority within the past 12 months and there have been no changes in the interim.

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## 11 CERTIFICATE OF AUTHORITY TO DO BUSINESS IN VERMONT

If the tenant or tenants are domiciled out-of-state, include a certificate of authority to do business in Vermont for each.

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## Employee Compensation and Benefits

	<b>Before Project</b> (at time of application)	<b>Within 3 Years</b>
<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

**PERSONAL FINANCIAL STATEMENT**

Submitted to: \_\_\_\_\_

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

**IMPORTANT: Read these directions before completing this Statement**

- If you are applying for individual credit in your own name and are relying on your own income, or assets and not the income or assets of another person as the basis for repayment of the credit requested, or if this statement relates to your guaranty of the indebtedness of other person(s), firm(s), or corporation(s), complete only Sections 1, 3, and 4.
- If you are applying for individual credit but are relying on income from alimony, child support, or separate maintenance or on the income or assets of another person as a basis for repayment of the credit requested, complete all Sections. Provide information in Section 2 about the person whose alimony, support, or maintenance payments or income or assets you are relying on. Alimony, child support, or separate maintenance income, need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Section 1 - Individual Information (type or print)	Section 2 - Other Party Information (type or print)
Name _____	Name _____
Address _____	Address _____
City, State & Zip _____	City, State & Zip _____
Social Security # _____	Social Security # _____
Date of Birth _____	Date of Birth _____
Position or occupation _____	Position or occupation _____
Business name _____	Business name _____
Business address _____	Business address _____
City, State & Zip _____	City, State & Zip _____
Length at present address _____	Length at present address _____
Length of employment _____	Length of employment _____
Res. phone _____ Bus. phone _____	Res. phone _____ Bus. phone _____
Have (either of) you or any firm in which you were a major owner ever declared bankruptcy, or settled any debts for less than the amounts owed? If yes, please provide details on a separate sheet. <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
Are (either of) you a defendant in any suit or legal action? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
Are (either of) you presently subject to any unsatisfied judgements to tax liens? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
When, if ever, have (either of) you been audited by IRS?	

Section 3 - Statement of Financial Condition as of _____							
Assets <small>(Do not include assets of doubtful value)</small>	In dollars (omit cents) [Individual]	[Joint]	If joint, with whom	Liabilities	In dollars (omit cents) [Individual]	[Joint]	If joint, with whom
Cash, Checking & Savings, CD's - see Schedule A				Notes payable to banks & others - see Schedule H			
U.S. Gov't. & marketable securities - see Schedule B				Due to brokers			
Non-marketable securities - see Schedule C				Amounts payable to others-secured			
Securities held by broker in margin accounts				Amounts payable to others-unsecured			
Restricted, control or margin account stocks				Accounts & bills due			
Real estate owned - see Schedule D				Unpaid income tax			
Accounts, loans, & notes receivable				Other unpaid taxes & interest			
Automobiles				Real estate mortgages payable - see Schedules D & H			
Cash surrender value-life insurance - see Schedule E							
Vested interest in deferred compensation/profit-sharing plans - see Schedule F							
Business ventures - see Schedule G							
Other assets/personal property itemize - see Schedule G if applicable							
				<b>Total Liabilities</b>			
				<b>Net Worth</b>			
<b>Total Assets</b>				<b>Total Liabilities and Net Worth</b>			

Section 4 - Annual Income For Year Ended _____								
Annual Income	[Individual]	[Joint]	Annual Expenditures	[Individual]	[Joint]	Contingent Liabilities Estimated Amounts	[Individual]	[Joint]
Salary, bonuses & commissions \$			Mortgage/rental payments \$			Do you have any... Yes No		
Dividends & interest			Real estate taxes & assessments			Contingent liabilities (as endorser, co-maker or guarantor?)...	<input type="checkbox"/>	<input type="checkbox"/>
Real estate income			Taxes-federal, state & local			(On leases? on contracts?)	<input type="checkbox"/>	<input type="checkbox"/>
Other income <small>(alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.)</small>			Insurance payments			Involvement in pending legal actions?	<input type="checkbox"/>	<input type="checkbox"/>
			Other contract payments <small>(car payments, charge cards, etc.)</small>			Contested income tax liens?	<input type="checkbox"/>	<input type="checkbox"/>
			Alimony, child support, maintenance			Any estimated capital gains tax on the unrealized asset appreciation?	<input type="checkbox"/>	<input type="checkbox"/>
			Other expenses			Other special debt or circumstances?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total Income</b> \$			<b>Total Expenditures</b> \$			If "yes" to any question(s) describe:		
						<b>Total Contingent Liabilities</b>	\$	

(COMPLETE SCHEDULES AND SIGN ON REVERSE SIDE)

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 These forms are intended for use in commercial lending transactions.  
 Where any other use is contemplated, it is the user's responsibility to  
 be made to ensure compliance with applicable laws and regulations.





**SCHEDULE A - CASH, CHECKING AND SAVINGS ACCOUNTS, CERTIFICATES OF DEPOSIT, MONEY MARKET FUNDS, ETC.**

Name of Financial Institution	Type of Account	Owner	(J)	If Pledged, to Whom?	Balance

**SCHEDULE B - U.S. GOVERNMENT & MARKETABLE SECURITIES** (Use additional sheet if necessary)

Number of Shares or Face Value of Bonds	Description	In Name of	Are these Registered, Pledged, or Held by Others?	Market Value	Exchanges Where Traded

**SCHEDULE C - NON-MARKETABLE SECURITIES** (Use additional sheet if necessary)

Number of Shares	Description	In Name of	Are these Registered, Pledged, or Held by Others?	Value	Method of Valuation

**SCHEDULE D - INVESTMENTS IN REAL ESTATE** (Use additional sheet if necessary)

Description/Location of Real Estate Investment	(J)	Date of Original Investment/Amount	% Owned By You	Market Value of Your % of Investment	Present Balance	Monthly Payment	Mortgage Maturity Date	Mortgage Owed To

**SCHEDULE E - LIFE INSURANCE CARRIED, INCLUDING GROUP INSURANCE**

Name of Insurance Company	Owner of Policy	Beneficiary and Relationship	Face Amount	Policy Loans	Cash Surrender Value

**SCHEDULE F - VESTED INTEREST IN DEFERRED COMPENSATION/PROFIT-SHARING PLANS**

% Vested	Company Name	Account Number	Manner of Payout (Annuity, Lump Sum, etc.)	Distribution Date	Beneficiary	Amount

**SCHEDULE G - BUSINESS VENTURES** (Use additional sheets if necessary)

List Name and Address of Any Business Venture In Which You Are a Principal or Partner	Your Position/ Title in the Business	Line of Business	Years in Business	Total Assets Listed in Section 3	Your % of Ownership	Net Worth of Business	Present Net Value of Your Investment

**SCHEDULE H - LOANS OWING BANKS, BROKERS, FINANCE COMPANIES, AND OTHERS (MASTERCARD, VISA, ETC.)**

Owing to (Acct. No.)	(J)	Date of Original Borrowing/Amount	Present Balance	Due	Monthly Payment	Date of Final Pay't	Secured by

The information contained in this statement is provided to induce you to extend or to continue the extension of credit to the undersigned or to others upon the guaranty of the undersigned. The undersigned acknowledges and understands that you are relying on the information provided herein in deciding to grant or continue credit or to accept a guaranty thereof. Each of the undersigned represents, warrants, and certifies that (1) the information provided herein is true, correct and complete and gives a correct and complete showing of the financial condition of the undersigned, (2) the undersigned has no liabilities direct, indirect or contingent except as set forth in this statement, and (3) legal and equitable title to all assets listed herein is in the undersigned's sole name, except as may be herein otherwise noted. Each of the undersigned agrees to notify you immediately and in writing of any change in name, address, or employment and of any material adverse change (1) in any of the information contained in this statement or (2) in the financial condition of any of the undersigned or (3) in the ability of any of the undersigned to perform its (or their) obligations to you. In the absence of such notice or a new and full written statement, this should be considered as a continuing statement and substantially correct. You are authorized to make all inquiries you deem necessary to verify the accuracy of the information contained herein, and to determine the credit-worthiness of the undersigned and the undersigned hereby authorizes all persons of whom you make such inquiries to respond thereto in full. Each of the undersigned authorizes you to answer questions about your credit experience with the undersigned.

Date signed \_\_\_\_\_, \_\_\_\_\_ Signature (individual) \_\_\_\_\_

Date signed \_\_\_\_\_, \_\_\_\_\_ Signature (other party) \_\_\_\_\_