

# 2021 CITY OF HELENA LOAN/GRANT APPLICATION

Administered by Montana Business Assistance  
Connection (MBAC) Inc.



Helping small business within the Helena Community Post- COVID

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### **What is the 2021 City of Helena Loan/Grant Program?**

To assist Helena entrepreneurs in growing and improving businesses, MBAC has secured funding from the City of Helena to assist small businesses in completing projects with an 80% loan and 20% grant. The range of the loans provided will be \$20,000 to \$60,000; or projects totaling \$25,000 to \$75,000. The intent is to help Helena businesses that have been impacted by the global COVID-19 pandemic (either positively or negatively) that are unable to secure financing from conventional lending sources such as banks to help grow those businesses and create sustainable jobs within the Helena community.

Please read through this entire application to learn more about the sort of businesses eligible to access the 2021 City of Helena Loan/Grant program and the type of things you can or can't do with the MBAC funds. Please ask if you have any questions.

### **Who is Montana Business Assistance Connection Inc. (MBAC)?**

Montana Business Assistance Connections Inc. (MBAC) is a private, nonprofit economic development organization that has been assisting small businesses in the Lewis and Clark, Broadwater, and Meagher counties since 1999. As one of the state's small business financing experts, MBAC partners with local lenders, government agencies, communities, investors, foundations, and other resource partners to help small businesses create meaningful living wage jobs and grow the economy. MBAC helps inspired people to create thriving businesses with funding, education, and resources!

### **What do I need to apply?**

**1. (For businesses less than two years old)**

Submit a copy of your business plan together with a detailed monthly cash flow projection for the next 24 months, including assumptions.

**2. (All applicants)**

Complete and return this loan application together with copies of other documents and forms noted, either in person, by mail, or electronically to [ckaminski@mbac.biz](mailto:ckaminski@mbac.biz)

### **How long does it take?**

The MBAC Loan Review Committee meets on the third Wednesday of each month. Your MBAC loan officer will prepare and present your request to our board-appointed loan review committee; your request will be discussed, reviewed, and voted on based on the MBAC staff recommendation for approval.

Following the approval from this Committee, you will receive a commitment letter outlining the terms and conditions of the approval along with a closing checklist detailing any additional items that might need to be collected to be reviewed before funding your loan request.

How quickly it will take to apply for, close, and then fund your loan will depend in large part on how quickly you can provide or secure all the items request as part of this application. On average, you should anticipate that the process will take four to six weeks, from delivery of a completed loan package to funding.

### **What are the loan terms and costs associated with securing a loan?**

There are no upfront application or closing fees. A 2% loan origination fee will be deducted from loan proceeds only if your application is successfully funded. There will be other minor filings, recording, etc., expenses reimbursed at cost from funding proceeds as well, which MBAC will disclose in your loan commitment letter, but you will not have to bring any funds to the loan closing.

MBAC will fully amortize the loan portion of this program over a maximum ten years with a fixed interest rate determined based on project and collateral provided.

## Application Information

Legal Name: \_\_\_\_\_ Tax ID #: \_\_\_\_\_  
DBA/Trade Name: \_\_\_\_\_ Primary Phone #: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_  
DUNS #: \_\_\_\_\_ Year Founded: \_\_\_\_\_

Mailing Address:	_____
Unit or Suite #	_____
City, State, Zip Code	_____

**Physical location the same? Yes  No**

if no, please complete below

Physical location:	_____
Unit or Suite #	_____
City, State, Zip Code	_____

How many employees do you have? \_\_\_\_\_ Full-time (35+ hour/week) \_\_\_\_\_ Part-time (<35 hour/week)

What is your average hourly pay rate? \_\_\_\_\_

Over the next 12 months, are you expecting to increase staffing? Yes  No

If yes, how many additional employees? \_\_\_\_\_ Full-time (35+ hour/week) \_\_\_\_\_ Part-time (<35 hour/week)

Who is currently your primary business banking relationship? \_\_\_\_\_

### Is your business an under-represented population (check all that apply)?

In business less than 2 years?  Buying an existing business?  Women-owned (51% +)?

Minority owned (51% +)?  Veteran owned (51% +)?  Disabled owned (51% +)?

LGBT owned (51% +)?  Young Entrepreneur (born after 12/31/79)?  An Exporter (10%+ sales)?

### How has your business been impacted by the COVID-19 pandemic?

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## Source and Uses:

Please show us how you will use the funds you are requesting and ALSO any funds you have already invested or will be investing into this project.

Description	Loan/Grant Funds	Funds you're contributing
<b>Subtotals:</b>		
2% origination fee of Loan Amount (80% of Loan/Grant Funds subtotal)		
<b>Totals:</b>		

More specifically, how will you be using the requested funds?

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## Business Ownership:

Please complete the following table with any ownership interest in your business. (Must total 100%). Demographic information is solely for economic development reporting.

Name:	Title	% Ownership	Demographics
			Male <input type="checkbox"/> Female <input type="checkbox"/> Veteran <input type="checkbox"/> Race: _____ Ethnicity: _____
			Male <input type="checkbox"/> Female <input type="checkbox"/> Veteran <input type="checkbox"/> Race: _____ Ethnicity: _____
			Male <input type="checkbox"/> Female <input type="checkbox"/> Veteran <input type="checkbox"/> Race: _____ Ethnicity: _____
			Male <input type="checkbox"/> Female <input type="checkbox"/> Veteran <input type="checkbox"/> Race: _____ Ethnicity: _____
			Male <input type="checkbox"/> Female <input type="checkbox"/> Veteran <input type="checkbox"/> Race: _____ Ethnicity: _____
<b>Total ownership =</b>			

## Existing Business Loans or Obligations:

Please list all current notes, lines of credit, mortgages, credit cards, agreements, and any other loans due to any organization or individual. List all current and/or previous federal government debts in the table immediately below.

Lender:	Original Amount \$	Funded Date	Present Balance	Interest Rate	Maturity Date	Monthly Payment	Collateral

## Personal Guaranty:

By applying for an MBAC loan, you are giving MBAC permission to run a credit report on all 20% or more owners involved with your loan application. MBAC will require these owners to personally guaranty 100% of the loan balance.

Name:	SSN	Mailing Address:

## Additional Information:

In addition to completing and returning this application, please provide copies of ALL the applicable documents listed below.

- PERSONAL TAX RETURNS: Full copies of the TWO personal tax returns for everyone owning 20% or more of any business involved with this loan application.
- BUSINESS TAX RETURNS: Full copies of the last TWO years (or as many years as you have) tax returns for all businesses involved with this application.
- BUSINESS YEAR-END FINANCIAL STATEMENTS: Copy of the last year-end financial statement (Profit & Loss statement plus a Balance Sheet) for all businesses involved with this loan application.
- BUSINESS INTERIM FINANCIAL STATEMENTS: Copy of an interim financial statement (dated within 90 days) for all businesses involved in this loan application.
- COST DOCUMENTS: Copies of quotes, estimates, invoices, print-outs, etc., for ALL items costing \$4,000 or more that have been included in your loan request. If you are requesting funds for leasehold

improvements, please include construction bids on the contractor's letterhead and a copy of your lease for that space.

**COPY OF BUSINESS PLAN AND MONTHLY CASH FLOW PROJECTIONS:** Your business plan must explain what your business is going to do and how it is going to accomplish its goals. This should also include financial details, a cash flow projection for the business, showing month-by-month projected income, and expenses for the business for the next 24 months. This is especially important for businesses that currently have marginal debt service coverage based on historical financials.

**PERSONAL FINANCIAL STATEMENT:** A personal financial statement for everyone who owns or will own 20% or more of any business involved with this application. A personal financial statement is a list of an individual's assets (things you own) and liabilities (debts you have) together with information about your income. Completed statements must be signed and dated. A blank personal financial statement is included with this loan application. Please get in touch with MBAC if you need more to finalize your loan application.

## Required Certifications

As part of your application, we ask you to acknowledge the following by initially next to each true statement:

\_\_\_\_\_ The business applying for this loan is an equal opportunity employer and complies fully with all Montana and federal laws with regard to discrimination and unfair employment practices. The applicant business does not discriminate against any employee or applicant for employment, nor again any person purchasing the applicant's products or series, on the basis of race, creed, color, national origin, sex, material status, religious belief, ancestry, mental or physical handicap, or age.

\_\_\_\_\_ At least 51% of the ownership of the business application is held by US Citizens or by legal permanent residents.

\_\_\_\_\_ The business applicant maintains workers' compensation insurance in accordance with and as required by the State of Montana.

\_\_\_\_\_ The business applicant and all 20% or more owners of the business and/or any affiliated companies have disclosed information relating to any bankruptcies, personal, or business.

\_\_\_\_\_ The business applicant business and all 20% or more owners of the business and/ or any affiliated businesses are NOT involved in existing or pending lawsuits.

\_\_\_\_\_ The business applicant business and all 20% or more owners of the business and/ or any affiliated businesses are NOT delinquent on any federal obligations, debts, or taxes.

\_\_\_\_\_ The business applicant business and all 20% or more owners of the business and/ or any affiliated businesses are NOT delinquent on any child support requirements.

# Montana Business Assistance Connection (MBAC) Inc. Disclosure Statement

As part of your application for an MBAC loan, we asked each 20% or more owner to read and acknowledge (at the end) that you have read and understood the following.

## 1. HOW THE PROGRAM WORKS:

The MBAC loan program is not intended to compete with nor duplicate financing options available through regular commercial lenders in the state of Montana. If a small business can secure affordable financing from a commercial lender using a conventional loan or a government-enhanced loan, the small business should do so.

MBAC is intended to assist small businesses that are otherwise unable to secure needed financing to assist with the growth, development, or expansion of their small businesses from conventional sources. To be considered for the MBAC loan program, a small business applicant must never the less be both eligible and credit-worthy.

## 2. GENERAL ELIGIBILITY:

Applicants must meet certain eligibility requirements. These requirements are designed to be as broad as possible so the program can accommodate a diverse variety of small business needs. To be eligible for consideration, an applicant must:

- Be based with the City Limits of Helena, Montana.
- Be "small" where this is defined as having fewer than 100 employees
- Plan to use proceeds for an approved purpose. MBAC loan proceeds may generally be used for most good business purposes, including the creation, expansion, operation, or purchase of a small business.
- Not have funds available from other sources. MBAC does not extend financial assistance to businesses when the financial strength of the individual owners of the company itself is sufficient to provide all of the requested financings.
- Evidence the ability to repay the loan as agreed from the projected or historical operating cash flow of the business.
- Evidence of good character.
- Evidence of management expertise and commitment necessary for success.

## 3. ELIGIBLE BUSINESSES:

While the vast majority of businesses are eligible for financial assistance under the MBAC post- COVID loan program, in addition to the above general requirements, a business must have used alternative financial resources, including personal assets, before seeking financial assistance.

Special considerations apply to some types of businesses and individuals as follows:

- Recreational facilities and clubs are eligible providing (a) the facilities are open to the general public & (b) in membership-only situations, membership is not selectively denied to any particular group of individuals, and the number of members is not restricted as a whole or by establishing maximum limits for particular groups.
- Loans involving a change in ownership are eligible providing the business benefits from the change. In most cases, this benefit should be promoting the sound development of the business or preserving its existence. A loan cannot be made when proceeds would enable the borrower to purchase (a) part of a business with no current interest or (b) part of the interest of a present and continuing owner.
- Firms must be 51% owned by a US citizen(s) or legal permanent residence(s).

- Applications will not be accepted from firms where a principal is currently incarcerated, on parole, on probation, or is a defendant in a criminal proceeding.

**4. INELIGIBLE BUSINESSES:**

Ineligible businesses include those engaged in illegal activities, loan package, speculation, multi-sales distribution, gambling, investment or lending, or where the owner is on parole. Other specific types of businesses ineligible to receive MBAC loans include:

- Firms involved in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil dealing in commodities futures, when not part of the regular activities of the business. This includes dealers of rare coins and stamps;
- Firms involved in lending such as banks, finance companies, factor, leasing firms, insurance companies (not agents), and any others whose stock in trade is money;
- Businesses principally engaged in teaching, instructing, counseling, or indoctrination religion or religious beliefs, whether in a religious or secular setting;
- Businesses which present live performances of a prurient sexual nature; or, derived directly or indirectly more than de minimis gross revenue through the sale of products or series, or the presentation of any depictions or display, or a prurient sexual nature;
- Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;
- Firms involved in illegal activities that are against the law in the jurisdiction when the business is located. Included in these activities are the productions, servicing, or distribution of otherwise legal products that are to be used in connection with illegal activity, such as operating a motel that permits illegal prostitution;
- Gambling activities, including any business whose principal activity is gambling. While this precludes loan to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses which obtain less than one-third of their annual revenue from the sale of official state lottery tickets and a state license;
- Charitable or religious organizations without revenue from sales or fees to repay the loan;
- Businesses that have previously defaulted on a federal loan of federally assisted financing, resulting in the government or any of its agencies or Departments sustaining a loss in any of its programs, and businesses owned or controlled by an applicant or any of its associates who previously owned operated, or controlled a business which defaulted on a federal loan (or guaranteed a loan which was defaulted) and caused the federal government or any of its agencies or Department to sustain a loss in any of its programs;
- Businesses primarily engaged in political or lobbying activities; and,
- Any project that is in violation of federal, state, or local environmental protection laws and regulations.

**5. ELIGIBLE USES OF PROCEEDS:**

MBAC loan proceeds may be used to establish a new business or to assist in the operation, acquisition, or expansion of an existing business. Eligible uses of proceeds include (this is a non-exclusive list):

- Purchase land & buildings/ new construction/ the expansion or conversion of existing facilities;
- Purchase of equipment, machinery, furniture, fixtures, supplies, inventory, or material;
- Refinancing existing business indebtedness that has unreasonable terms and conditions. and/or,
- Purchasing an existing business.



## 6. INELIGIBLE USES OF PROCEEDS:

There are certain restrictions on MBAC loans that mean these sorts of loans may not be used:

- To refinance existing debt where a current lender is in a position to sustain a loss and MBAC would take over that loss through refinancing that existing loan;
- To effect a partial change of business ownership where a person will retain a portion of ownership in the business, where such a change that will not benefit the business;
- To repay delinquent state or federal taxes;
- For an illegal activity; and,
- For a non-sound business purpose.

## 7. TERMS AND CONDITIONS:

The specific terms of MBAC loans are based on the project purpose, the borrower's ability, and the useful life of the collateral being offered to support the loan. In general, the following provisions apply to all MBAC loans.

- **Loan Amount-** MBAC loans have a minimum amount of \$20,000 and a maximum loan amount of \$60,000
- **Equity Contribution-** This program does not have an equity contribution requirement. However, MBAC will not extend more than 100% of the total project cost.
- **Maturity Terms-** The MBAC loan program is generally intended to encourage longer-term, fully amortizing, fixed-rate small business financing. Loan terms will be a maximum of ten years, although longer terms may be considered in special circumstances.
- **Interest Rates-** Interest rates will be fixed for the life of the loan and will be priced based on project and collateral provided.
- **Fees-** A loan origination fee of 2.0% of the approved loan amount will be charged to each successful applicant. The fee is ONLY payable as closing/funding, and this fee will be collected from loan proceeds advanced at the time of funding. In addition, typical out-of-pocket costs such as any applicable recording fees, filing fees, etc., will typically be charged to the borrower at the closing on a cost-recovery basis.
- **Prepayment penalties-** There are NO prepayment penalties, and MBAC loans may be prepaid in part or full at any time without penalty.
- **DUNS Number-** Each recipient of an MBAC loan must provide a Data Universal Number System (DUNS) Number, a unique nine-digit identification number provided *free of charge (do NOT pay for one!)* by Dun & Bradstreet. Instructions on how to apply for your DUNS can be found here: <https://sba.gov/content/getting-d-u-n-s-number>

## 8. "DO-IT-YOURSELF" CONSTRUCTION:

Situations where the borrower is also the project contractor, have generally proved to be an unsatisfactory arrangement on MBAC loans. However, "do-it-yourself" construction and/or the installation of machinery and equipment, or situations where the borrower acts as its own contractor, may be permitted as long as it is possible to justify and document the following:

- The borrower/contractor is experienced in the type of construction and has all appropriate licenses;
- The cost is the same as, or less than, what an unaffiliated contractor would charge, as evidenced by two independent bids on the same work; and,
- The borrower/contractor will not earn a profit on the construction.

**9. PERSONAL/ CORPORATE GUARANTEES:**

Unlimited personal guarantees are required from EVERY person or entity owning 20% or more of an application for an MBAC loan. A personal guarantor is required on EVERY MBAC loan, even if no one individually owns more than 20%.

**10. PRIOR BANKRUPTCIES:**

Full disclosure of prior bankruptcies is required.

**11. PRIOR CRIMINAL OFFENSES/ARRESTS:**

A prior criminal arrest or conviction will not necessarily disqualify an individual from receiving financing under the MBAC loan program. However, full disclosure is required.

**12. CHILD SUPPORT COMPLIANCE:**

No principal who owns at least 50% of the ownership or voting interest in a company applying for financing under the MBAC program may be delinquent more than 60 days under the terms of a (1) administrative order, (2) Court order, (3) repayment agreement that requires payment of child support. A certification of compliance will be required before any funds will be disbursed under the MBAC program.

**13. EQUAL CREDIT OPPORTUNITY:**

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), handicap, because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

**14. INDEMNIFICATION PROVISIONS:**

Applicant(s) will indemnify and hold MBAC and /or its agents harmless from any and all loss or injury, including reasonable attorney fees, resulting arising from failure by the applicant to receive such loan, and/or any loss or liability to applicants or the business of the applicant. All parties agree that there are no other promises, terms, or agreements (oral or written) between MBAC and the applicant's small business and that the MBAC loan program rules and fees are subject to change at any time.

**15. FINANCIAL PRIVACY:**

MBAC commits to protecting any and all personal information provided in conjunction with a loan application and also commits to collect and disclose this information only as allowed by law.

As the authorized representative of this application for a MBAC loan/grant, the undersigned acknowledges that he/she understands the provisions described within this Disclosure Statement as they apply to an application for considerations under the MBAC Loan program.

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: \_\_\_\_\_

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

Signature: \_\_\_\_\_