



CRITERIA, STANDARDS AND POLICIES OF THE ROSWELL OPPORTUNITY FOR ADVANCEMENT REVOLVING (ROAR) LOAN FUND

1. GOAL OF ROAR

The goal of the Roswell Opportunity for Advancement Revolving Loan Fund is to provide a financial resource that will compliment sources of financial assistance in the private and public arena which will result in an enhanced and more fully developed economy in the City. ROAR is intended to participate in conjunction with commercial and public lenders, in projects that present expanded employment opportunities within the City of Roswell, and improves the economic vibrancy of any commercial business district of Roswell.

2. ELIGIBILITY REQUIREMENTS

Any for profit and non-profit business that are a commercial or industrial business, who may create new and additional primary jobs or results in a saving of jobs, which will result in more employment opportunities inside Roswell (or in the Roswell area if the project is deemed site specific requiring a location outside of the Roswell city limits which is based upon natural resources or other unique circumstances), and improves a building to meet the Roswell, New Mexico and International Building Codes, will be eligible to apply for a loan from the Roswell Opportunity for Advancement Revolving Loan Fund . The term “primary jobs” is defined as “jobs which provide goods and services that shall be primarily exported from the area, gain market share from imports to the area, or meet an unmet need in the area resulting in the businesses which bring new income into the area, stimulate other businesses, or assist the Roswell community in the diversification and stabilization of its own economy.

3. MEMBERSHIP IN THE RCCEDC:

Recipients of the ROAR Loan Fund program are required as a minimum, to become members of the RCCEDC for the duration of the loan. Minimum of “Partner” membership level with the RCCEDC. Use Website: www.ChavesCounty.net to become a member or call the RCCEDC at 575-622-1975.

4. USES OF FUNDS (minimum of \$50,000):

Proceeds from a Roswell Opportunity for Advancement Revolving Loan Fund may be used for any of the following purposes:

- (a) Land acquisition and related development.

- (b) Building construction, acquisition or related remodeling projects.
- (c) Acquisition of equipment (excluding rolling stock) for use in the commercial or light industrial business of the applicant).
- (d) Promotion and enhancement of Roswell Industrial Parks and properties.
- (e) Requests for refinancing of existing debt will **not** be considered and are **ineligible** purposes for a ROAR loan.

5. TARGETING CRITERIA.

The Finance Committee of the RCCEDC will review, evaluate, and make decisions on each ROAR application and provide a recommendation to the RCCEDC Board of Directors Executive Committee. The Finance Committee shall consider the following targeting criteria along with other factors deemed by the Committee appropriate with each ROAR application:

- (a) First priority shall be given to eligible applicants who are existing commercial or light industrial businesses located in the City of Roswell, which propose to either improve or expand and relocate to a more appropriate location in the City of Roswell.
- (b) Second priority shall be given to eligible applicants that propose to relocate an existing commercial or light industrial business to the City of Roswell, from an area outside of the City of Roswell.
- (c) Third priority shall be given to eligible applicants who propose a startup commercial or light industrial business in the City of Roswell.
- (d) Added priority shall be given to a business located in, or in the process of relocation to any Roswell Industrial Parks city properties, it being the policy of the City of Roswell to give the highest possible priority, in addition to the above criteria, to business development in any Roswell Industrial Park or city properties.

6. FINANCING POLICIES FOR ROAR LOANS.

The following financing policies shall direct the RCCEDC in its review, evaluation, and decision making process on ROAR applications:

- (a) To the extent practical, loan amounts will be based upon the formula of \$5,000 per new, full-time equivalent job created or existing job retained. This standard may be waived by the RCCEDC at the time of application approval, if the project presents an unusual opportunity or set of unique circumstances for the promotion of the City of Roswell. Applicant is responsible for providing a written request of waiver to the RCCEDC.
- (b) Minimum loan amount shall be at least \$50,000.
- (c) Applicants shall demonstrate through appropriate documentation that a ROAR loan is justified on the basis of either a financing gap that precludes the project from moving forward to completion without such a loan, or that there exists an unacceptable rate of return on investment based upon market investment interest rates.

- (d) The maximum amount of ROAR funds loaned to a single applicant shall be the minimum amount needed to move the project forward to completion in light of other public and private financing sources available as determined by the RCCEDC Finance Committee.
- (e) Terms for repayment of ROAR loans will be based on the minimum needs of the applicant, the recapitalization needs of the Roswell Opportunity for Advancement Revolving Fund, and the collateral requirements of the loan. Loan terms shall not exceed the depreciable life of the asset(s) pledged as collateral, but in no event shall a loan term exceed five (5) years.
- (f) The interest rate of a ROAR loan shall be structured on a case-by-case basis and will be determined by the funding institution and/or the RCCEDC based upon the minimum needs of the applicant and the recapitalization needs of the ROAR Fund.
- (g) Applicant equity shall be based upon a combination of the total financial position of the applicant and the equity in the funded project.
- (h) ROAR loans shall be collateralized by fixed assets of the applicant as determined by the RCCEDC Finance Committee based upon the value of such assets as determined by a qualified appraiser. The minimum-security position for a ROAR loan shall be a second mortgage or security interest, as the case may be, upon the loan collateral.
- (i) A ROAR loan origination fee shall be levied in an amount equal to one half of one percent of the loan amount plus the actual cost of any and all settlement costs and fees incurred by the Roswell Opportunity for Advancement Revolving Fund for the processing, approval, and closing of the loan. The RCCEDC may waive, in whole or in part, the loan origination fee or costs in its discretion.
- (j) Restructuring or modification of the terms of a ROAR loan shall be considered on a case-by-case basis by the RCCEDC as needed.

8. APPLICATION AND REVIEW PROCESS

Application for a ROAR loan shall be made on forms available from the RCCEDC or on their website at www.chavescounty.net. Applicants will submit a completed application and all supporting financial documentation to the RCCEDC, who shall review the application for completeness and shall notify the applicant what further or additional information may be required from the applicant, if any, before forwarding to the Finance Committee. Upon their review, the RCCEDC Finance committee will review the application. Within 15 days thereafter, they will make a recommendation to the RCCEDC Executive Committee for approval or denial of the application. The Executive committee shall, within 15 days of the date of the committee recommendation, will either approve or deny the application. No application shall be declared complete unless it includes all the application information. Listed are primary informational requirements. Completely prepare the attached application with all required attachment elements.

- (a) Applicant's name and address;
- (b) Names, addresses, resumes, and references of owners, investors, and management of the business;
- (c) Articles of incorporation and bylaws or other agreements that describe the legal operation or structure of the business;

- (d) Name and address of the owner or operator of the business during the term of the loan;
- (e) A business plan which contains information regarding the products or services to be offered by the applicant; number of jobs to be created, job descriptions with attendant salary or wage information by job category; educational requirements by job category; methods of accounting, financing, marketing, sales merchandising and other disciplines proposed to be used for business growth and expansion;
- (f) Letters of commitment from all participating commercial and/or public funding sources;
- (g) Up to three years of historical balance sheets, cash flow statements, income statements, and federal income tax returns as are applicable to the individual loan application;
- (h) Pro forma balance sheets, cash flow statements, and income statements for the term of the loan, or for a period of three years, whichever is less;
- (i) A statement of licensing requirements and proof of compliance;
- (j) Assurance of compliance with local zoning laws and building codes, and that the necessary public utilities are available or will be available when needed by the project;
- (k) Approximate date construction will commence, construction completion date, and the date by which the project will be fully operational;
- (l) Documentation that the preliminary design stage has been completed; and,
- (m) Any other information as required by the RCCEDC in order to make a sound loan decision.

9. APPROVAL OF APPLICATIONS FOR ROAR LOANS.

In the event an application is approved, the RCCEDC, a funding institution, and the applicant shall execute such agreements and documents as necessary which shall provide the rights and responsibilities of all parties and the terms and conditions of the loan. The cost of preparation and the review of further documents necessary to the closing of the loan shall be paid by the applicant as part of the costs of the loan. There shall be no commitment of a ROAR loan without the specific resolution of the RCCEDC Executive Committee, notwithstanding any assurance, guarantee, communication or representation to the contrary.

10. CONFIDENTIALITY

The application and supporting documents submitted to the RCCEDC shall be the property of the RCCEDC. To the extent permitted by law, said documents shall be handled by in a confidential manner.

11. SERVICING FOR ALL ROAR LOANS

ROAR loans shall be repaid in accordance with an escrow agreement. The funding agency or escrow agent shall, in accordance with the escrow agreement, receive loan payments and account for all proceeds, interest and principal to the RCCEDC and the borrower. The funding agency or escrow agent shall remit all proceeds received to the RCCEDC. The Primary Lender may act as escrow agent for loan, and loan payments must be submitted directly to the Funding Agency/escrow agent as designated in the Joint Loan agreement.

In the event that the borrower requests any modification or change of any loan term or condition, including without limitation variations in security position, insurance requirements, payment dates or amounts, or the like, or if there arises a need for management of insurance proceeds in the event of damage or loss or such other insurable event, the borrower shall notify the RCCEDC. The RCCEDC Finance Committee will review requests with the loan servicing request handled on an as-needed, case by case basis by the RCCEDC. Any and all changes in loan terms or conditions of any kind whatsoever, and any disbursement of proceeds requiring RCCEDC approval by the terms of the loan or the insurance policy, shall be considered first by the RCCEDC Finance Committee and submitted to the RCCEDC Executive Committee for approval before any terms or conditions are accepted and allowed.

12. CREDIT CRITERIA: The RCCEDC Finance Committee will base its recommendation to the RCCEDC Executive Committee on the following criteria:

- (a) The applicant must show the ability to service the debt.
- (b) The applicant must have the ability to manage and show commitment to the Loan project.
- (c) The payment history of the applicant with other lenders and creditors must be satisfactory.
- (d) The review of the proposed collateral must be satisfactory.
- (e) The credit history of the borrowers and any guarantors of the loan must be satisfactory.
- (f) The applicant and the Loan application must meet such other loan criteria as the RCCEDC Finance Committee may from time to time deem applicable on a case-by-case basis.

13. PROGRAM CONDITIONS:

- (a) All improvements must conform with the City and International Building Codes, and the proposed project may be subject to design review by the City of Roswell.
- (b) Qualified and insured contractors with appropriate contractor's license and certifications must perform all structural work.
- (c) Participants will be asked to display a sign provided by the RCCEDC. The borrower will place it on the premises, and it shall be easily viewable by the general public. The sign shall be posted from the date of the Loan Agreement until 30 days after the completion of the project and the sign will be returned in serviceable condition by the applicant to the RCCEDC. The sign shall read: "A Successful Participant of the Roswell-Chaves County Economic Development Corporation and the City of Roswell Opportunity for Advancement Revolving (ROAR) Loan Program".

Roswell Opportunity for Advancement Revolving (ROAR) Fund Loan Application:

Name of Business
Entity/DBA: _____

Type of business/industry (retail, manufacturing, etc..) _____ NM
CRS#: _____

Current number of employees: _____ Anticipated employee growth as a result of the
loan: _____

Applicant's
Name _____

Applicant's Mailing
Address _____

Applicant's Physical
Address _____

Applicant's Phone (cell) number: _____

Email Address: _____

Purpose of the loan:

Approximate date construction will commence: _____

Approximate construction completion date: _____

Date the project will be fully operational: _____

(The ROAR Loan project must be started within 60 days after loan approval unless a special schedule is approved in advance.)

Amount Requested \$ _____

_____ (signature of applicant)

_____ (printed name of applicant)

_____ (date)

Required Attachments:

Guarantors/Personal applicants:

- Names, addresses, resumes, and references of owners, investors, and management of the business
- Copy of Driver's License and Social Security Card
- Current personal financial statement
- Pro forma balance sheets, cash flow statements, and income statements for the term of the loan, or for a period of three years, whichever is less
- 3 years of Personal Tax Returns
- Signed Credit Release Forms
- Current Business Plan
- Plans and Specifications (If construction). Preliminary plans, color samples, awning, sign designs, preliminary contractor bids must be submitted with the completed application
- Proposed collateral with documented evidence
- Documented evidence as a RCCEDC "Partner" member

Limited Liability Corporations:

- Names, addresses, resumes, and references of owners, investors, and management of the business
- Copy of Driver's Licenses and Social Security Cards of owners/managers
- Current (signed) Business Financial Statement
- Pro forma balance sheets, cash flow statements, and income statements for the term of the loan, or for a period of three years, whichever is less
- 3 Years of Business Tax Returns
- Articles of Organization
- Debt Schedule
- Operating Agreement
- Current Business Plan
- History of Business (may be included in the Business Plan)
- Plans and Specifications (If construction). Preliminary plans, color samples, awning, sign designs, preliminary contractor bids must be submitted with the completed application
- Proposed collateral with documented evidence
- Documented evidence as a RCCEDC "Partner" member

Incorporations (S-Corp/C-Corp):

- Names, addresses, resumes, and references of owners, investors, and management of the business
- Copy of Driver's Licenses and Social Security Cards of owners/managers
- Current (signed) Business Financial Statement
- Pro forma balance sheets, cash flow statements, and income statements for the term of the loan, or for a period of three years, whichever is less
- 3 Years of Business Tax Returns
- Budget projection (New business, if available) Pro Forma
- Debt Schedule
- Articles of Incorporation/By Laws

- Current Business Plan
- History of Business (may be included in the Business Plan)
- Plans and Specifications (If construction). Preliminary plans, color samples, awning, sign designs, preliminary contractor bids must be submitted with the completed application
- Proposed collateral with documented evidence
- Documented evidence as a RCCEDC “Partner” member

Review and Coordination

Date application received by the RCCEDC: _____

RCCEDC Application review completion date: _____. Complete: Yes No
Items missing/corrections required are highlighted.

RCCEDC contacted applicant (if required) date: _____

Date picked up by applicant: _____

Date returned to the RCCEDC by applicant: _____

RCCEDC Application review completion date: _____. Complete: Yes No
Items missing/corrections required are highlighted.

Date of RCCEDC Finance Committee review: _____

Finance Committee Chairman: Recommendation / Non-recommendation (reason for non-recommendation)

(Signature)

(Printed name)

Date of RCCEDC Executive Committee review: _____

Approved / Disapproved (reason for disapproval) _____

If approved, date forwarded to funding institution for action: _____

Date loan finalized: _____

Comments:

