



# Loan Guaranty Program Borrower's Application



Please Review Program Guidelines and Application Help on pages 3 – 4

Applicant: \_\_\_\_\_ EIN: \_\_\_\_\_

Address: \_\_\_\_\_ Phone: \_\_\_\_\_

Address: \_\_\_\_\_ Alternate/Cell Phone: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_

Contact Name: \_\_\_\_\_ Email: \_\_\_\_\_

Business Website: \_\_\_\_\_ Fax: \_\_\_\_\_

Entity Type: \_\_\_\_\_ NAICS: \_\_\_\_\_ Date Business Established: \_\_\_\_/\_\_\_\_/\_\_\_\_

Annual Revenue: \_\_\_\_\_ Tell us about your business: \_\_\_\_\_

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

**Business Owners:**

Name	SSN	Address	Office Held/Title	% of Ownership

Loan Amount Requested: \$ \_\_\_\_\_ Loan Guaranty Amount: \_\_\_\_\_

Loan Purpose: \_\_\_\_\_

Collateral: \_\_\_\_\_

Guarantor Name: \_\_\_\_\_ Guarantor Name: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

SSN/EIN: \_\_\_\_\_ SSN/EIN: \_\_\_\_\_

Email: \_\_\_\_\_ Email: \_\_\_\_\_

Phone: \_\_\_\_\_ Phone: \_\_\_\_\_

**Certification as a Small Business:**

- Does the business have 250 or less employees:  Yes  No
- Does the business have less than \$10,000,000 in annual gross revenues over each of the last three fiscal years:  Yes  No
- Does the business have less than \$2,000,000 in net worth:  Yes  No
- Is the business currently operating in Virginia:  Yes  No



# Loan Guaranty Program Borrower's Application



**Background Data:** Answer the following questions and provide comments on questions answered "yes:"

1. Have any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business been convicted of any criminal offense, other than minor motor vehicle violations?  Yes  No
2. Has the business or any owners, officers, directors, guarantors, general partners, stockholders of limited partners owning 20% or more of the business filed for, or been adjudicated as bankrupt?  Yes  No
3. Is the business or any owners, officers, directors, guarantors, general partners, stockholders or limited partners owning 20% or more of the business involved in any pending lawsuits?  Yes  No
4. Does the business or any guarantors owe past due federal, state, or local taxes of any nature?  Yes  No
5. Is the Applicant, if a sole proprietorship, and all guarantors U.S. citizens or legal permanent residents?  Yes  No

**Comments:** \_\_\_\_\_

**Are you a current or past VSBFA Customer?**  Yes  No **How did you hear about the VSBFA or this Loan Program?**  SBSD Website  
 Bank Referral  Economic Development Staff  VSBFA Marketing Event  Other \_\_\_\_\_

**Current Employment and Projected Job Creation and/or Retention:**

# Full-Time Existing Jobs Located in Virginia \_\_\_\_\_ #Full-Time Existing Jobs Located Outside of Virginia \_\_\_\_\_  
# Full-Time Equivalent Jobs Saved in VA as a result of this Financing \_\_\_\_\_  
# Full-Time Equivalent Jobs Created in VA as a result of this Financing \_\_\_\_\_  
Average Hourly Wage Rate: \$ \_\_\_\_\_ Provide a brief summary of how loan proceeds will save or create new jobs: \_\_\_\_\_

**Government Monitoring Data:**  I do not wish to provide this information

**Ethnicity:**  Hispanic or Latino  Not Hispanic or Latino

**Sex:**  Female  Male

**Woman-Owned Business:**  Yes  No **Minority-Owned Business:**  Yes  No **Veteran-Owned Business:**  Yes  No

**Race:**  American Indian or Alaska Native  Asian  White  Black or African American  Native Hawaiian or Other Pacific Islander

**Authorization and Certification:**

Applicants and Guarantors authorize the VSBFA to investigate all credit history, obtain credit reports, bank references, and any other information required to process this application and as it deems necessary. The undersigned hereby certifies that all information provided in support of this application is true to his/her best knowledge, and is submitted for the purpose of obtaining financial assistance from the VSBFA.

If the application is approved, the Borrower agrees to provide VSBFA with economic development information (i.e. job creation, wage rates, investment, and revenues) as VSBFA may reasonable request while the VSBFA guarantees remains outstanding

VSBFA is a political subdivision of the Commonwealth of Virginia and all information submitted with this application may be subject to a Freedom of Information Act request.

**Applicant:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**By:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Guarantor:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Guarantor:** \_\_\_\_\_ **Date:** \_\_\_\_\_

## Program Guidelines

The Virginia Small Business Financing Authority's (VSBFA) *Loan Guaranty Program* is designed to help Virginia's small businesses obtain the funds to start, enhance, or expand operations and thereby create new jobs for the citizens of the Commonwealth. The VSBFA guaranty reduces a lender's credit risk and helps the business qualify for financing that the lender would not otherwise extend. An application for the *Loan Guaranty Program* must be submitted by a participating lender once the lender has determined the VSBFA guaranty is necessary and has approved the requested financing subject to approval of the VSBFA guaranty.

### Eligible Borrowers:

Qualifying borrowers must be currently operating in Virginia and be in good standing with the State Corporation Commission or other applicable state or local licensing authority. Businesses must also meet at least one of the following criteria to be an eligible borrower:

- Have \$10 million or less in annual revenues over each of the last three years; or
- Have a net worth of \$2 million or less; or
- Have fewer than 250 employees; or
- Be a 501(c) (3) non-profit entity.

### The following types of loans are eligible for support under the *Loan Guaranty Program*:

- Lines of credit to finance inventory and accounts receivable;
- Loans to finance permanent working capital or fixed asset purchases such as office equipment;
- Restructured debt benefitting the borrower with additional funding, a lower interest rate, and/or longer repayment period.

### The *Loan Guaranty Program* cannot be used to:

- Eliminate the bank's requirement for business collateral, personal collateral from the principal(s) and the principal's personal guaranty.
- Compensate for a fundamental business weakness, including poor financial condition of the business, unprofitable business operations and the business' inability to repay debt.
- Finance non-owner occupied real estate investment, purchase of residential housing, real estate construction or development.
- Refinance a Lender's existing debt; however additional debt may be eligible for support depending on the purpose of that debt.
- Repay delinquent federal or state taxes unless the Borrower has a payment plan in place with the relevant taxing authority; or repay taxes held in trust or escrow, e.g. payroll or sales taxes.
- Reimburse funds owed by the Borrower to any owner, including any equity investment or investment of capital for the business' continuance.
- Reimburse the Borrower for any funds distributed by the Borrower to any owner.
- Purchase any portion of the stock ownership interest in the Borrower.
- Finance the purchase of goodwill.
- Finance the unguaranteed portion of SBA-guaranteed loans or other federally guaranteed loans.

### Program Loan Amounts and Terms:

- Maximum guaranty amount under the program is \$750,000 or 75% of the loan amount, whichever is less, with a maximum relationship guaranty between the borrower and VSBFA of \$750,000. The Lender may also request a guaranty of less than 75%.
- Guaranties of lines of credit are provided on an annual basis, with up to four subsequent renewals of the guaranty.
- Maximum guaranty period for terms loans is 7 years.

### Personal Guarantees:

The program requires all individuals and business entities owning 20% or more of the applicant business (including a spouse owning 5% or more when the combined ownership of both spouses is 20% or more) to provide a personal guaranty of the loan.

### Program Fees:

A non-refundable application fee of \$200.00 is due at the time of application submission. If the guaranty is approved, a *Loan Guaranty Program Fee* of 1.5% of the guaranty amount is collected by the participating lender and remitted to VSBFA after the lender's loan has closed.

### *Application Help*

The Borrower's Application for the *Loan Guaranty Program* must be completed by the borrower and submitted to VSBFA by the participating lender with all required documentation as listed on the Lender's Application for the *Loan Guaranty Program*.

If you have additional questions or need information, please contact your participating lender.

Additional information about this program and the other services offered by the Virginia Small Business Financing Authority and the Virginia Department of Small Business and Supplier Diversity can be found at [www.sbsd.virginia.gov](http://www.sbsd.virginia.gov).

**Business Entity Type:** Provide the legal business structure of the business as registered with the State Corporation Commission (SCC). Examples are sole proprietorship, partnerships, LLC, LLP, C Corp, S Corp, 501c3 Non-profit. etc.

**Annual Revenue:** Supply the last full year's revenue figure.

**NAICS:** The applicant's North American Industry Classification System code can be determined at <https://www.census.gov/cgi-bin/sssd/naics/naicsrch>.

**Business Owners:** List all owners, officers, directors, and general partners of business and stockholders or limited partners owning 20% or more of business. Include any spouses owning 5% or more when the combined ownership of both spouses is 20% or more.

**Loan Purpose and Collateral:** Describe specifically what the loan funds will be used for. The use of loan proceeds must comply with program guidelines above. Collateral for the participating lender's loan can be a lien on business assets as well as a lien on personal assets of the business owner(s).

**Projected Job Creation:** If the loan will create or save full-time jobs enter data based on your best evaluation. This is not a requirement of the program.

**If the application for the *Loan Guaranty Program* is approved, the borrower may be required by VSBFA to submit additional annual economic impact data, including the number of full-time equivalent jobs created by the borrower and the average wage rate for those jobs.**

**Government Monitoring Data:** This data is used to determine the usage of VSBFA programs within the small business community. The borrower is not required to provide this information, but is encouraged to do so. VSBFA does not discriminate on the basis of this information and this information will have no bearing on VSBFA's credit decision for this application. If you do not wish to provide the information a selection is provided.

**Women-Owned, Minority-Owned, or Veteran-Owned Business:** Business must be owned by at least 51% of specific designation to qualify for the status.

#### **Where and How to Submit an Application:**

The Borrower's Application for the *Loan Guaranty Program* should be submitted to the participating lender and will be submitted to VSBFA as part of that lender's application package.

#### **What the Borrower must provide with the Application:**

The information listed below is in addition to any information or documentation required by the participating lender at the time of the borrower's application for financing:

1. Completed and executed copy of this Borrower's Application for the *Loan Guaranty Program*;
2. Copy of valid driver's license for any owner with a 20% or greater ownership and each guarantor;
3. A non-refundable application fee of \$200.00 is collected from the borrower by the participating lender and submitted with the lender's application for the *Loan Guaranty Program*.

#### **Application Process: What to Expect from the VSBFA**

VSBFA will communicate directly with the participating lender regarding the lender's application for the *Loan Guaranty Program*. The participating lender will be notified by VSBFA regarding approval or decline of the application.

If approved, VSBFA will issue a commitment letter to the participating lender which specifies terms and conditions of VSBFA's guaranty. Loan closings for approved requests are scheduled by the participating lender. In addition to any loan documents required by the participating lender, the borrower will be required to execute a VSBFA *Loan Guaranty Program* Borrower's Agreement. This executed Borrower's Agreement will be submitted to VSBFA as part of the requisite documentation from the lender.

For approved applications, VSBFA charges a one-time *Loan Guaranty Program* fee of 1.5% of the guaranty amount. This guaranty fee will be collected from the borrower by the participating lender at the time of the lender's loan closing.