

**RURAL ELECTRIC  
ECONOMIC DEVELOPMENT, INC.**

**REED FUND**

**LOAN APPLICATION**



REED is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to:  
USDA, Director, Office of Civil Rights, Washington DC 20250-9410

## **Rural Electric Economic Development, Inc.(REED Fund) Application Information**

Rural Electric Economic Development, Inc. (REED Fund) is a private non-profit corporation established by rural electric cooperatives. The REED Fund makes loans to assist community and business development projects in eastern South Dakota and western Minnesota. REED works closely with local banks, other loan funds, state and federal agencies to finance projects. A completed application is required to assist REED in evaluating the proposed project. You and your business are assured privacy. Financial information and trade secrets will be held in confidence.

REED generally requires a minimum of 10% equity contribution from an applicant and the participation of a commercial or other lender. REED cannot finance more than 50% of total project costs, generally not to exceed the amount financed by a commercial or other lender. REED encourages applicants to apply for financing from commercial financial institutions and requires documentation from a financial institution that it cannot finance the entire project, thus establishing the need for REED's participation. REED also participates with local and regional revolving loan funds, state and federal programs to finance projects.

In addition to the attached form, the applicant must also provide additional information, including a business plan, financial information and supporting documents according to the list on the following page. A non-refundable application fee of \$100 is payable at the time an application is submitted. After administrative review, the REED member cooperative makes a recommendation to the REED Board. The REED Board takes final action.

For more information, please contact your local electric cooperative or call (605) 256-4536 and ask for REED Fund Information. East River Electric Power Cooperative, Inc. provides fund administration and assistance to applicants, but has no loan-making authority.

### **Equal Credit Opportunity Lender**

Be it policy that the REED will not discriminate against any applicant in any aspect of a credit transaction on the basis of race, color, religion, national origin, sex, marital status, disability or age provided the applicant has the capacity to enter into a legal and binding contract nor shall it discriminate against any applicant on the basis of the fact that all or part of the applicant's income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the Consumer Credit Protection Act or under the law of any state which has been exempted from requirement of the Equal Credit Opportunity Act.

**Rural Electric Economic Development, Inc. Revolving Fund (REED Fund)  
Applicant Checklist**

**A completed application form and business data, based on the following list, is essential to the application process.** The list that follows contains information needed to develop a loan recommendation. We understand that not all items are applicable to every loan. If information is not available or you have questions about what is required for a complete application, please contact the REED Fund at 256-4536 and ask for loan fund information. Items marked X are required for most applicants.

- Application (use attached form)
- Business Plan (description of business and loan purpose)
- Balance Sheet - past two years plus current (within 90 days) for existing business
- Income and Cash Flow Statement - past two years plus current for existing business
- Projected Balance Sheet, Income and Cash Flow Statement - projected for two years
- Personal Financial Statement(s) of the principal owner(s) with over 20% ownership), current and signed
- Cost estimates on real estate, construction and/or equipment purchases
- Preliminary building plans and specifications (if applicable)
- Lease Agreement (if applicable)
- Summary of available collateral and collateral positions of all lenders
- Commercial lender denial letter or commitment letter - establishing need for funds
- Resolution giving authority to borrow funds and execute loan documents, if applicant is a corporation, LLC, or government entity
- Business and/or Personal Federal Tax Returns (Past 2 years) depending on business' legal structure
- Resume or background information on principal owner(s), normally those with 20% ownership or more
- \$100.00 non-refundable application fee payable to REED, Inc.
- Environmental Requirements--Class One or Two Review (per USDA) if construction project, not required if loan is for purchase of equipment, working capital only, or purchase of an existing facility that requires no structural additions or significant alterations. Forms will be provided.

## Supporting Documents

As appropriate to each loan, the following documents may be required prior to completing an approved loan transaction and issuing funds. They are generally not necessary to conduct a loan review. **Borrowers should be aware of the items that will be needed before funds can be released.**

- \_\_\_\_\_ Articles of Incorporation or Organization/By-Laws, if corporation or LLC
- \_\_\_\_\_ Partnership Agreement, if partnership
- \_\_\_\_\_ Franchise Agreement, if franchise
- \_\_\_\_\_ Fictitious Name Statement and Certificate of Good Standing
- \_\_\_\_\_ Purchase Agreement on real estate, construction or equipment to be acquired with loan proceeds
- \_\_\_\_\_ Title Opinion on Real Estate to be acquired with loan proceeds or used as collateral
- \_\_\_\_\_ Real Estate Appraisal and/or Title Insurance - if real estate is used for collateral
- \_\_\_\_\_ Copy of Equity Capital/Buy-out Agreement, as appropriate
- \_\_\_\_\_ Proof of Insurance on business/premises always required
- \_\_\_\_\_ Other insurance on owners or key employees, as appropriate, may be required
- \_\_\_\_\_ Site map or photo of the project, may be required
- \_\_\_\_\_ Determination that the project is not in a flood prone area as identified under the National Flood Insurance Program by FEMA, always required on construction or acquisition loans
- \_\_\_\_\_ Environmental Requirements--Class One or Two Review (per USDA) if construction Project, not required if loan is for purchase of equipment or working capital only, or if purchase of an existing facility that requires no structural additions or significant alterations. Forms will be provided.

**Rural Electric Economic Development, Inc. Revolving Fund (REED Fund)  
Application Form**

Please type or print clearly. Be sure to fill in each blank and answer each question. If not applicable, mark N/A and explain. If there is not enough room, attach additional sheets. Financial data and supplemental information as noted on the Applicant Checklist is required prior to loan review.

Business Name: \_\_\_\_\_

Owner/Contact Person: \_\_\_\_\_

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

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

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ e-mail: \_\_\_\_\_

Legal Description of Project: \_\_\_\_\_

Cooperative Issuing Application: \_\_\_\_\_

Project Classification:     \_\_\_ Infrastructure                     \_\_\_ Community

      \_\_\_ Retail/Service                     \_\_\_ Manufacturing/Processing

      \_\_\_ Agriculture                        \_\_\_ Home-Based Business

      \_\_\_ Other \_\_\_\_\_

Date Business Established: \_\_\_\_\_

Employer ID#: \_\_\_\_\_ Owner Soc. Sec. No. \_\_\_\_\_

Amount Requested: \_\_\_\_\_ Term: \_\_\_\_\_ Purpose: \_\_\_\_\_

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

**1. DESCRIBE THE BUSINESS:** Primary business activity, management experience, subsidiaries, and divisions or major outside investments by company or owners. Attach business plan and/or additional pages as necessary.

**2. DESCRIBE THE PROPOSED PROJECT:** Include previous experience that supports successful achievement. Attach business plan and/or additional pages as necessary.

### 3. SOURCES AND USES OF FUNDS

#### Proposed Sources of Funds (include equity and all loans)

Amount applied for from REED: \_\_\_\_\_  
Amount applied for from Commercial Lender: \_\_\_\_\_  
Amount applied for from State/Federal Funds: \_\_\_\_\_  
Amount applied for from regional/local loan funds: \_\_\_\_\_  
Amount applied for from other: \_\_\_\_\_  
Owner's Equity (include source information below) \_\_\_\_\_  
**TOTAL SOURCES OF FUNDS:** \$ \_\_\_\_\_

#### Proposed Uses of Funds (include all costs associated with project).

Land and Land Improvements \_\_\_\_\_  
Purchase or Remodeling Building \_\_\_\_\_  
New Construction \_\_\_\_\_  
Machinery & Equipment (attach list and cost) \_\_\_\_\_  
Furniture & Fixtures (attach list and cost) \_\_\_\_\_  
Working Capital \_\_\_\_\_  
Inventory \_\_\_\_\_  
Accounts Receivable \_\_\_\_\_  
Other (specify) \_\_\_\_\_  
**TOTAL USES OF FUNDS:** \$ \_\_\_\_\_

Please specify the source(s) of the borrower's equity injection:

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

#### 4. Commercial Lender Information: If more than one lender is used, continue on back.

Lender Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_  
Business Account Number: \_\_\_\_\_  
Amount of Loan requested for this Project: \_\_\_\_\_  
Term: \_\_\_\_\_ Interest Rate: \_\_\_\_\_  
Contact Person: \_\_\_\_\_

The primary objective of the REED Fund is to assist projects that contribute to rural development, job retention and/or creation, improve rural infrastructure and meet unmet needs in rural areas resulting in the creation of new wealth. The REED Fund participates with financial institutions and other lenders to maximize the available capital for development projects. The REED Fund requests that the applicant obtain a commitment or denial letter from a commercial lender, stating conditions. Loan approval may be contingent upon the nature of this commitment.

**5. DOES THE OWNER(S) ENGAGE IN DAILY BUSINESS ACTIVITY?**

Yes \_\_\_\_ No \_\_\_\_ If yes, Full Time \_\_\_\_ Part Time \_\_\_\_ Owner Draw \$\_\_\_\_\_/yr.

**Owner(s) National Origin (circle):**

American Indian/Alaskan Native      Asian      Black/African American

Native Hawaiian/Other Pacific Islander      Hispanic/Latino      White

**6. CURRENT EMPLOYMENT INFORMATION (do not include owners)**

Full Time      Part Time

**PRESENT NUMBER OF EMPLOYEES:** \_\_\_\_\_

**PRESENT TOTAL ANNUAL PAYROLL:** \$\_\_\_\_\_

**7. JOBS CREATED AS A RESULT OF THE REED LOAN (do not include owners.)**

Full Time      Part Time

**NUMBER OF JOBS TO BE CREATED** \_\_\_\_\_

**DATE BY WHICH JOBS WILL BE ESTABLISHED** \_\_\_\_\_

**PROJECTED TOTAL ANNUAL PAYROLL** \$\_\_\_\_\_

**BENEFITS:** please list benefits provided to employees

Full Time:

Part Time:

**8. COMMUNITY IMPACT:** Explain the benefits to the community/area and the effects on the local tax base. If there is a tax abatement or TIF District, please explain.

**9. MANAGEMENT:** Proprietor, partners and stockholders with 20% or more ownership in the business. Attach additional sheets as necessary

| NAME  | ADDRESS | % OWNED | SOC. SEC. NO. |
|-------|---------|---------|---------------|
| _____ |         |         |               |
| _____ |         |         |               |

Is this business a:      \_\_\_\_ "c" corporation      \_\_\_\_ "s" corporation  
 \_\_\_\_ L.L.C./L.L.P.      \_\_\_\_ partnership      \_\_\_\_ proprietorship  
 \_\_\_\_ municipality      \_\_\_\_ cooperative      \_\_\_\_ non-profit, tax exempt

Who is borrowing in this project? \_\_\_\_ Corporation \_\_\_\_ Partnership \_\_\_\_ Individual(s)

Corporate Officers: \_\_\_\_\_

|                    |                         |
|--------------------|-------------------------|
| _____<br>President | _____<br>Vice-President |
| _____<br>Secretary | _____<br>Treasurer      |

**10. Has the company or any officers of the company ever been involved in bankruptcy proceedings?**

\_\_\_\_ Yes    \_\_\_\_ No

If Yes, please explain \_\_\_\_\_

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

**11. Is the company or any officer of the company involved in any pending lawsuits?**

\_\_\_\_ Yes    \_\_\_\_ No

If Yes, please explain \_\_\_\_\_

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

**Attachments:**

- 1. Documents specified on the attached Applicant Checklist
- 2. **Application Fee. The application fee is \$100. Please attach payment.**
- 3. **Loan Service Fee. The loan service fee is 1% of the loan amount and is deducted from proceeds at loan closing.**
- 4. Confidential Credit and Background Report Certification (attached).

\*\*\*\*\*

REED believes that business forecasting and planning is the key to operating a successful business enterprise. For this reason, the Board of Directors requires that all applicants complete a business plan, including financial history and projections. If you have already completed a business plan for your operation, please submit it with the completed application form.

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The applicant recognizes that the REED Fund cannot process an application that is not complete. Incomplete applications will be returned to the applicant for completion.

\*\*\*\*\*

All information provided in schedules attached hereto are true and complete to the best knowledge and belief of the applicant and there is no intent to deceive or defraud the REED Fund or any potential participant in any loans to finance the described project.

\*\*\*\*\*

NAME OF APPLICANT COMPANY: \_\_\_\_\_

NAME OF AUTHORIZED OFFICIAL: \_\_\_\_\_

TITLE OF AUTHORIZED OFFICIAL: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

**CONFIDENTIAL CREDIT AND PERSONAL BACKGROUND REPORT**

The REED Fund will, at its own expense, obtain a credit report and background check on the applicant(s). The REED Fund will comply with all provisions of the Fair Credit Reporting Act (15 USC 1681 et seq.). The REED Fund will not disclose any part of any credit report or background check to anyone except authorized individuals. Authorized individuals may include a financial institution or lending agency agreeing to participate with the REED Fund.

**CERTIFICATION**

I /We hereby certify that the information contained on this application and the attachments are correct to the best of my/our knowledge.

I /We hereby certify that I /we have read, understand and agree to the terms and conditions of Rural Electric Economic Development, Inc. (REED Fund).

I /We grant the REED Fund the authorization to make all inquiries, including, but not limited to credit, deemed necessary to verify the accuracy of the statements made herein with this application

|       |           |       |
|-------|-----------|-------|
| _____ | _____     | _____ |
| Name  | Signature | Date  |
| _____ | _____     | _____ |
| Name  | Signature | Date  |
| _____ | _____     | _____ |
| Name  | Signature | Date  |
| _____ | _____     | _____ |
| Name  | Signature | Date  |