



# 2008 3 Million Dollar Loan Fund

## **Purpose of the Loan**

Luana Savings Bank will provide assistance for private (for-profit) businesses engaged in retail and/or service type of activities.

Provided by: Luana Savings Bank – 100 Harvest Drive, Luana IA 52156

## **Loan Eligibility**

The eligibility of a proposed project for a possible Incentive Fund Loan will be determined by the Incentive Fund Committee.

## **Eligibility Criteria:**

- ❖ Completed Applicant Form (Application is on the back)
- ❖ All projects need to be located within the city limits of Luana. On a case by case basis, the Loan Committee may waive this requirement and provide loan funds to a business located outside of the city limits of Luana if the committee determines doing so will have a positive economic impact on the community of Luana.
- ❖ Nature of Business
- ❖ Proposed use of funds
- ❖ Overall Benefits to community:
  1. Net increase in space occupied
  2. Job creation (present and future)
  3. Inventory/Services: Expansion or diversification

## **Procedures**

Upon receipt of application, the Incentive Fund Committee will determine eligibility within two business weeks. Applicants will be required to make a formal presentation to this committee. Results will be forwarded to the applicant and desired financial institutions. Return applications to 100 Harvest Drive, Luana IA 52156

## **Incentive Fund Committee:**

- ❖ 5 representatives of the Luana Savings Bank
- ❖ A representative of the Luana City Council

## **Loan Terms**

2% under prime – current rate 3%

3 year guaranteed fixed rate

Repayment: Based on the use of the funds

Collateral: Determined by financial institution.

Option: \$3,000 per employee, incentive in place of under prime interest rate

## **Loan Approval**

Once the Incentive Fund Committee determines the applicant eligible for a loan, the applicant will be asked to continue the loan process within the bank.

## **Documentation needed by the bank will include, but is not limited to:**

1. Personal/Corporate financial statement and tax returns
2. Source and use of funds
3. Borrower's business experience and past history
4. Business Plan including cash flow projections
5. Collateral for loan

Loans will be made according to the credit and loan policies normally followed by the individual financial institution.

## **Loan Proceeds**

### **Loan may be used for:**

1. Purchase of real estate for a business
2. Purchase of empty building for a business
3. Exterior remodeling of currently occupied building
4. Rehabilitation or modification of currently unoccupied building
5. Purchase of equipment and fixtures
6. Purchase of inventory lines
7. Working capital necessary to support an expansion or a new operation
8. Purchase of an existing business
9. New construction projects