

THE ED PINCKNEY ENTER-PRIZE LOAN PROGRAM

PURPOSE

The purpose of the program is to provide financing to economically disadvantaged business owners or potential business owners. The loan proceeds are to be used for the expansion of an existing business or the establishment of a new business in the Glynn County area.

ELIGIBILITY REQUIREMENTS

1. TYPE OF BUSINESS:

Eligible businesses include most for-profit businesses (proprietorships, partnerships, or corporations). Refer to ineligible businesses section, page 2.

2. USE OF PROCEEDS:

- Land and building acquisition
- Leasehold improvements/building renovations
- Machinery and equipment
- Inventory
- Working Capital

3. REPAYMENT TERMS

- Maximum five (5) to Twenty (20) years, depending on project
 - up to 5 years - Inventory & Working Capital
 - up to 10 years - Leasehold Improvements, Machinery & Equipment
 - up to 20 years - Land and Building Acquisition, Building Renovations

4. LOCATION

Business must be located in Glynn County. If the business is located in the City of Brunswick, additional funds may be available for loan participation from the City of Brunswick.

5. EQUITY INJECTION

The borrower will be required to provide at least a minimum of ten percent (10%) on loans secured by real estate and improvements, and twenty percent (20%) on working capital and equipment loans. The cash injection may be substituted by equity in other assets, pledged to secure the debt, on a case-by-case basis. In no event shall 100% loans be made to a borrower, without adequate collateral.

6. MANAGEMENT

The borrower must demonstrate that he or she has had management experience to manage the type of business they are expanding or starting. Management counseling in the areas of payroll tax form preparation, financial statement preparation, marketing, etc. will be available, should the borrower demonstrate the need for such counseling. Training will be available through the Small Business Development Center (SBDC) and will be an eligibility requirement for all start-up businesses receiving loans through this program.

7. CREDIT HISTORY

The borrower must have a satisfactory credit record, having established credit with a reputable firm and complying with the payments in a prompt manner, for at least 12 months. For those applicants not having a satisfactory credit history at the time of the application, any judgments or outstanding balances owed, must be satisfied and an acceptable payment record must be established to demonstrate the borrower's willingness to pay as agreed. Any applicants that have not satisfied past due obligations will be ineligible.

8. COLLATERAL

The bank will be secured by a first lien on the project assets. Personal guarantees will be required by the borrowers and additional personal collateral may be required to secure the guarantee, at the discretion of the bank. An appraisal may be waived for real property securing the debt, by using the most recent county tax assessor's value for ad valorem tax purposes. Unsecured loans are ineligible.

9. LOAN APPLICATION

The borrower must complete and submit the application form designed for this program, with attachments, to the participating bank.

INELIGIBLE BUSINESSES AND USES

1. INELIGIBLE USE OF PROCEEDS

- Relocating existing industry or business from one job market to another
- Refinancing
- Purchasing property for lease.
- Speculating
- Acquiring Ownership without economic benefit

2. INELIGIBLE BUSINESSES

- Non-profit businesses
- Passive income or developer/landlord institutions
- Lending and investment institutions
- Media (newspapers, magazines, etc.)
- Hospitals
- Farming and agricultural production

LOAN PROGRAM FEATURES

1. LOAN AMOUNT

- Minimum - \$ 5,000
- Maximum - \$ 50,000 (\$75,000 if City participates)

2. INTEREST RATE

- Maximum combined interest rate of Prime + 2%, floating
- City of Brunswick's interest rate, when participation is included, will be 3%.

3. OPERATION

The borrower must be the user of the loan proceeds, fixed assets, or working capital loan and be an operating-for-profit business. The borrower is not eligible if it plans to lease the project assets to a third party for their operation.

4. INSURANCE REQUIREMENTS

The assignment of life insurance will be required for the amount of the loan. This requirement can be waived if insurance is unavailable. Hazard insurance for the value of the fixed assets will be required.

5. ENVIRONMENTAL AUDIT AND RISK ASSESSMENT

The bank may require an environmental audit. This depends on the real property involved securing the loan.

6. OTHER CONDITIONS

The borrower will be required to execute a loan agreement that will require the borrower to accept, on a periodic basis, practical assistance with management, preparation of financial statements, and other matters involved in operating the business, from the Small Business Development Center, or a person designated by the bank.

UTILIZING THE PROGRAM

1. PARTICIPATION

CADDA & City will respond quickly to loan requests (up to \$25,000 each) to prevent unnecessary delays and provide the bank and business with cash quickly. The funding and lien participation is shared pro rata with the Bank; CADDA and City (when applicable) will each fund its pro rata portion of the loan and assume the corresponding risk.

2. **APPROVAL PROCESS**

The Bank evaluates the applicant, determines eligibility, and approves the loan request, contingent on CADDA/City approval.

3. **DOCUMENTATION**

If the applicant is approved by the bank, the bank completes the “The Ed Pinckney Enter-Prize Routing Form” and “Request for CADDA Loan Participation” form and sends the required documents to CADDA.

Upon receipt of both forms, CADDA evaluates the loan request and if approved, prepares and returns the following documents within one working day:

- a) Participation Agreement (Bank and CADDA, and City of Brunswick, if applicable, executes)
- b) Compliance of Federal Laws Agreement (Borrower executes)
- c) Loan Agreement and/or Loan Modification Agreement (Borrower executes)
- d) Conflict of Interest Form (Borrower executes)

4. **FUNDING PROCEDURE**

CADDA returns a check in the amount of its loan participation (not to exceed \$25,000) with the loan documents, unless the use of proceeds is for construction. If construction is required, CADDA commits in writing to permanent financing after construction is complete. City will remit its pro rata portion of funding to Bank.

5. **LOAN FEES**

CADDA and City charge no loan fees for this service.

6. **LOAN CLOSING**

The bank and/or its attorney closes the loan, using the bank’s note and other related documents. Only three (3) CADDA documents must be signed by the borrower.

7. **LOAN SERVICING**

The bank is the lead lender and services the loan. CADDA and City are available on an as-needed basis and will provide assistance at the bank’s request.

8. **LIQUIDATION/LOAN LOSS**

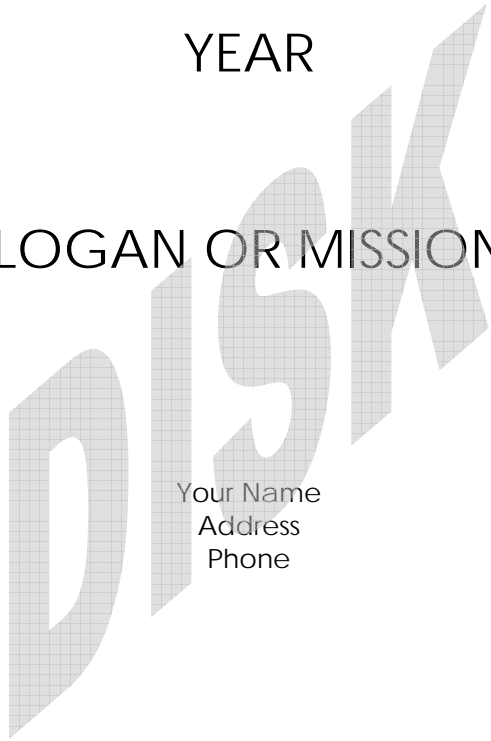
CADDA and City share the security on a pro-rata basis with the bank and share pro-rata in the event of a loss.

BUSINESS PLAN

COMPANY NAME

YEAR

GRAPHIC, SLOGAN OR MISSION STATEMENT



Your Name
Address
Phone

TABLE OF CONTENTS

STATEMENT OF PURPOSE	P.3
1. EXECUTIVE SUMMARY	
■ SMART Goals	
P.4	
2. BUSINESS DESCRIPTION	
■ Structure of Business	
P.5	
■ Products/Services	
■ Locations	
■ Hours of Operation	
■ Company Strategy and Objectives	
3. INDUSTRY PROFILE	P.8
4. MARKETING	P.8
■ Market Analysis	
5. MARKETING PLAN	
■ Marketing Strategy	
■ Pricing	
■ Sales Strategy	
■ Advertising and Promotions Plan	
6. OPERATIONS PLAN	P.13
7. FINANCIAL PLAN	P.22
■ <u>Household Budget</u>	
■ <u>Income Flow Statements</u>	
■ Finance Plan Source of Funds	
8. CLOSING REMARKS	P.26
■ GENERAL ATTACHMENTS	
■ Marketing Tools	
■ Resume	
■ References	
■ Samples, photos, fliers	
■ Credit Report	
■ Business License or Application	

STATEMENT OF PURPOSE

I. EXECUTIVE SUMMARY

Financial Goals

-
-
-

Non-Financial Goals

-
-
-

II. **BUSINESS DESCRIPTION**

A. Structure of Business

B. Products/services

C. Location

D. Hours of Operation

E. Company Strategy and Objectives

III. INDUSTRY PROFILE

VI. MARKET ANALYSIS

A. Customer Profile/Demographics

B. Competitors

V. MARKETING PLAN

A. Marketing Strategy

B. Pricing

C. Sales Strategy

D. Advertising and Promotions

BUSINESS NOW BUSINESS PLAN - MARKETING PLAN

(Submit this form in your Business Plan)

BUSINESS NAME _____

Over the past year, I have had \$ _____ in sales to _____ customers.

2. MARKETING SCHEDULE					
MONTH	MARKETING ACTIVITY	MARKETING TOOL	COST	NUMBER OF CUSTOMERS	AMOUNT OF SALES
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
TOTAL					

1. Sample Marketing Tools (Attached)

VI. OPERATIONS PLAN

A. Supplies

B. Suppliers

C. Tools and Equipment

D. Products or Service Activity

E. Delivery (If Applicable)

F. Inventory Control (If applicable)

G. Legal Advisor

H. Insurance

I. Accounting

BUSINESS *NOW* OPERATIONS PLAN: STEP 1: QUALITY

BUSINESS NAME _____

Quality Improvements I will make to my products and services:

Cost of making my product or service:

Time it takes to make my product or service:

BUSINESS NOW OPERATIONS PLAN: STEP 2 EXPENSES, A. SUPPLIES

BUSINESS NAME _____

Number of Products/Services created at once: _____

SUPPLIES	SUPPLIER	COST OF GOODS
TOTAL COST OF GOODS	XXXXXXXXXXXXXXXXXXXXX	
COST OF GOODS PER PRODUCT OR SERVICE	XXXXXXXXXXXXXXXXXXXXX	

Mark improvements with a " * ".

BUSINESS *NOW* OPERATIONS PLAN: STEP 2 EXPENSES, B. MONTHLY SUPPLIES

BUSINESS NAME _____

MONTHLY SUPPLIES & EXPENSES	SUPPLIER	MONTHLY COST
TOTAL EXPENSES	XXXXXXXXXXXXXXXXXXXXXX	

BUSINESS NOW OPERATIONS PLAN: STEP 3, TIME

BUSINESS NAME _____

PRODUCTION OR SERVICE ACTIVITY	TIME
TOTAL PRODUCTION OR SERVICE TIME	
TIME PER PRODUCT OR SERVICE (Divide by number of products or services.)	

MANAGEMENT ACTIVITY	TIME
TOTAL MONTHLY MANAGEMENT TIME	

Mark improvements with a "*".

BUSINESS NOW BUSINESS PLAN: PRICING PLAN

BUSINESS NAME: _____

I. MARKET PRICE

II. Pricing System:

III. Market Price for a typical Product or Service:

IV. PROFITS:

A. Gross Profit for 1 Product or Service:

PRICE	
COST OF GOODS	
GROSS PROFIT per Product or Service (Price - Cost)	

B. Breakeven Point: How many products or services you have to sell to cover your costs.

MONTHLY EXPENSES	
SAVINGS/DEPRECIATION	
TOTAL MONTHLY EXPENSES (Monthly Expenses + Savings/Depreciation)	
BREAKEVEN POINT (Total expenses <u>divided by</u> Gross Profit per product or Service)	

C. Annual Profit Goal

NUMBER OF PRODUCTS OR SERVICES TO SELL	
PRICE	
SALES (Number x Price)	
COST OF GOODS (Number x Cost of Goods per product or service)	
ANNUAL GROSS PROFIT	
ANNUAL EXPENSES (Total Monthly Expenses X 12)	
ANNUAL PROFIT (Annual Gross Profit - Annual Expenses)	

BUSINESS NOW BUSINESS PLAN: PRICING PLAN

BUSINESS NAME: _____

V. WAGES

A. Hourly Wage per Product or Service

Gross Profit per Product or Service	
Time: Production or Service time per Product or Service	
Hourly Wage (Gross Profit divided by Time)	

B. Hourly Wages for the Year

ANNUAL PROFITS	
ANNUAL PRODUCTION OR SERVICE TIME: (Production or Service time per Product or Service, X Number to sell.)	
ANNUAL MANAGEMENT TIME: (Monthly Management Time x 12 months)	
TOTAL TIME: (Production or Service time + Management time)	
HOURLY WAGES (Annual Profit <u>divided by</u> Total Time)	

VII. FINANCIAL PLAN

BUSINESS NOW/BUSINESS PLAN

**FINANCIAL PLAN,
PART 1**

HOUSEHOLD BUDGET AND REPORTING SHEET

BUSINESS NAME: _____ **MONTH:** _____ **BUDGET/ACTUAL?** _____

FINANCIAL GOAL: _____

MONTHLY INCOME (SECTION A)	
Salary (yours)	
Salary (Spouse/Partner)	
Business	
Child Support	
TANF (AFDC)	
Social Security	
Food Stamps	
Fuel Assistance	
Child Support	
Foster/child care	
Spousal Support	
Other	
TOTAL SECTION (A)	
MONTHLY EXPENSES (SECTION B)	
Rent	
Heat	
Gas	
Electricity	
Water	
Food	
Day Care	
Clothing Laundry	
Auto Payment	
Auto Gas	
Bus/Taxi	
Insurance	
Other	
TOTAL SECTION (B)	

MONTHLY INCOME (SECTION A)	(SECTION A)
SAVINGS: SUBTRACT SECTIONS A AND B	

ASSETS:WHAT YOU OWN (C)	
Home Value	
Auto Value	
Savings	
Checking	
Cash	
Other	
Other	
TOTAL SECTION (C)	
DEBTS: WHAT YOU OWE (D)	
Auto Loan	
Credit Card	
Credit Card	
Credit Card	
Student Loan	
Other	
Other	

ASSETS:WHAT YOU OWN (C)	
TOTAL SECTION (D)	
WEALTH: SUBTRACT SECTIONS C AND D	

FINANCE PLAN INCOME FLOW SHEET

BUSINESS NOW BUSINESS PLAN

BUSINESS NAME _____

PERIOD COVERED: _____

MONTH																				TOTAL
SALES																				
1.																				
2.																				
TOTAL SALES																				
COST OF GOODS																				
1.																				
2.																				
3.																				
4.																				
5.																				
6.																				
TOTAL COST OF GOODS																				
GROSS PROFIT (sales-cost of goods)																				
EXPENSES																				
1.																				
2.																				
3.																				
4.																				
5.																				
6.																				
7.																				
8.																				
9.																				
TOTAL EXPENSES																				
OPERATING PROFIT (GP - Expenses)																				
INCOME TAX																				
INVESTMENTS/LOAN PAYMENTS																				
OWNER'S SALARY																				
NET PROFIT																				

BUSINESS NOW

FINANCIAL PLAN: SOURCE OF FUNDS

For the duration of this business plan, I will invest ___\$_____ of my own funds in my business.

I will look for ___\$_____ in outside financing.

Total Finance: ___\$_____.

I plan to use these funds for:

AMOUNT	USE

I hope to get the funds from:

If there is a loan, what will be the repayment period and interest rate on the loan?

VIII. CLOSING REMARKS