

# Longview Revolving Loan Fund Plan

Cowlitz-Wahkiakum Council of Governments  
City of Longview

EDA Grant Award  
#07-39-02712

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# Acknowledgements

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## INTRODUCTION

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A grant of \$300,000 from the U.S. Department of Commerce Economic Development Administration (EDA) was awarded to the Cowlitz-Wahkiakum Governmental Conference (now the Cowlitz-Wahkiakum Council of Governments or CWCOG) in 1985 for the purposes of establishing a revolving loan program. The City of Longview was the only entity to provide a cash match (\$100,000) for the grant, thus creating the loan fund to be administered in and in the vicinity of Longview city limits. The EDA, then and now, requires that a plan be developed and approved by the city, CWCOG and the EDA every five years. The grant is also subject to the terms and conditions of the EDA; these are incorporated in contracts between EDA and the CWCOG and the CWCOG and the City of Longview.

Through June of 2018, twenty-five loans have generated or retained 632 jobs in the city. The \$300,000 from EDA and the city's \$100,000 match has leveraged \$3,784,331 in private funding as well as \$290,000 in other non-revolving loan fund (RLF) public funds. This has been matched with \$2,157,403 in owners' equity. The revised RLF plan should provide a new focus to market available funds to businesses. For a city of Longview's size, the RLF funds have had a significant impact, especially on downtown Longview.

The previous plan's policies, standards, targets, criteria and procedures are hereby revised to be more consistent with the new EDA revolving loan fund requirements, current economic conditions, and lending needs of the City of Longview.

Part I of the plan outlines the Comprehensive Economic Development Strategy (CEDS) and the specific RLF Strategy. This section provides an overview of the CEDS and provides background on the economic adjustment program. It also states portfolio standards, targets and criteria of the RLF.

Part II of the plan covers the RLF administrative procedures. This section sets forth the organization and procedures for making and servicing loans. This section also covers how the CWCOG and the City will comply with the EDA requirements for reporting and monitoring grant terms and conditions.

Part III of the plan covers the performance assessment for the program including the new Economic Development Administration Risk Analysis System.

**PART I. Strategies and Objectives**

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**A. Summary of Comprehensive Economic Development Strategy**

**1. Economic Adjustment Problem**

The City of Longview has a strong tradition of manufacturing and natural resource-based industries. Prior to funding of the RLF, Longview, along with the rest of Cowlitz County and other surrounding counties, were devastated by the eruption of Mount St. Helens in 1980. This was followed by a recession in the 1980s, generating a grant for setting up a revolving loan fund to help establish new businesses and support existing ones. Longview was hit once again in the 1990s by the closure of the Reynolds Aluminum plant. In the latest recession (2007+), the national and regional housing market was hit especially hard, impacting the largest industry in the region – wood products. Since the end of the recession, the region has seen a slow recovery. In mid-2018 the Longview MSA reached a 10-year low in the monthly unemployment rate.

The post-recession period included an unemployment rate as high as 12.9%. Since 2009 the community has faced an unemployment rate of 2-3 points higher than the state and national average. Even with the recent drop in the rate, the community is still well above the state and national levels.

The city, Cowlitz Economic Development Council (CEDC) and Port of Longview are actively engaged in marketing the region and taking steps to attract new business and industry to the community. The CWCOG plays a supporting role in the overall efforts through the pending Economic Development District and as the Metropolitan Planning Organization. The city has added an economic development coordinator to focus on key issues in the city impacting economic development.

In addition, the city is working with the Longview Downtowners, a group of business owners in the downtown district, as well as the Kelso-Longview Chamber of Commerce to revitalize the downtown district. Several of the businesses that have received RLF loans are in the downtown and serve as anchors in the commercial hub of the community.

The City of Longview strives to diversify the economic base, yet the recent recession has created some setbacks in the business community. Due to these issues, among others, the City’s median household income is 21% below Washington State’s average. By providing gap lending through the RLF, the city has a valuable tool to offer existing and emerging businesses that will provide jobs, lowering the unemployment rate and increasing the median household income in the region.

<u>Median Household Income</u>	
Washington State	\$62,848
Cowlitz County (Longview MSA)	\$49,127

(2012-2016 American Community Survey Data)

**2. Development of an Economic Adjustment Strategy**

The RLF Plan is supported by regional goals and strategies. The CWCOG developed the 2018-2022 CEDS. The CEDS was approved by the EDA in May of 2018. The CEDS supports the operation of the Longview RLF in its regional priorities. Goal 4 states that the Economic Development Program

will “Encourage and promote programs intended to enhance new business start-ups, entrepreneurial development, and small business growth.”

The CEDC’s strategic plan outlines five major goals including the aspirational goal that “Local businesses and entrepreneurs of all sizes are successful and increase revenues profitability, jobs and investment.”

The City of Longview is currently updating the 2006 Comprehensive Plan. The draft update includes goals and objectives supporting economic development and programs such as the Revolving Loan Fund.

### **3. Area Resources**

**Port of Longview:** The Port of Longview is the first full-service, operating port on the Columbia River, at river mile 66. It includes a 150-acre marine terminal complex, a 300-acre industrial park, and eight marine terminals that handle and store dry bulks, break bulks, forest products, containers, steel, and heavy-lift project cargo. Commodities handled include steel, lumber, logs, pulp, paper, and project cargo. In January 2004, the Port completed a \$21 million Industrial Rail Corridor and is beginning efforts to expand the corridor. It provides direct access for trains, between the Burlington Northern/Santa Fe (BNSF) and Union Pacific main-line railroads and port property. The current proposal to improve the rail corridor greatly increases operational efficiency, supports unit trains, and enables rail car storage to meet ongoing business needs. The Port recently purchased almost 300 acres at Barlow Point on the Columbia River for future marine and industrial development and has conducted initial planning on the site.

**Cowlitz Economic Development Council (CEDC):** The CEDC supports regional economic development with the long-term goal of maintaining a growing and sustainable economy. The CEDC’s web site states, “Sustainability is often defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs. Economic Development is not the end, but rather the means to an end, which is ultimately a higher quality of life for Cowlitz County” ([www.cowlitzedc.com](http://www.cowlitzedc.com)). The CEDC is currently focused on several key project priorities:

- assisting in the development of shovel-ready, fully serviced industrial sites and transportation infrastructure;
- implementing outreach marketing;
- identifying industrial sectors that complement the array of business and industry currently located in Cowlitz County; and
- working with local businesses to resolve specific issues affecting their company.

**Kelso Longview Chamber of Commerce:** The Chamber of Commerce represents the Kelso/Longview business community, and works in conjunction with the CEDC to support economic development. It sponsors several standing committees: legislative, education, business development, Lower Columbia Professionals and ambassador (host functions and network events). In addition to its standing committees, the Chamber hosts numerous regular events, such as Business and Tourism Expo, the Annual Golf Classic, Small Business Boot Camp, weekly legislative briefings during the session and multiple networking opportunities, and runs topic-specific taskforces and advisory groups.

**Cowlitz-Wahkiakum Council of Governments (CWCOG):** The CWCOG coordinates and supports the work of governments within the two-county region. The CWCOG serves as a regional data and GIS center. It provides housing/community development coordination, parks and recreational planning, regional trails planning, comprehensive economic development strategies planning, and transportation planning. The CWCOG recently assisted with the Longview Comprehensive Plan Update.

**Longview Downtowners:** The Longview Downtowners, previously doing business as the Longview Downtown Partnership (LDP), is a nonprofit organization with a mission to promote, preserve, and enhance the downtown commerce district of Longview and to provide a desirable public market place that is safe, interesting, and welcoming to all. Primary areas of focus involve provision and/or advocating for street beautification projects, economic development, community events, and pedestrian safety. The group has also worked successfully with city staff to compete for Community Development Block Grant (CDBG) funds to replace aging downtown infrastructure as part of a streetscape update project, a project that was completed in 2017. It also coordinates the summer hanging flower basket program and Christmas holiday decoration program along Commerce Avenue to provide additional seasonal beautification. The City, the Downtowners, and community stakeholders continue to implement the Downtown Action Agenda adopted in 2011. The action agenda established a plan that included a market analysis and recommendations for organizational strengthening, marketing, façade improvements, and policy changes for the downtown. The group also continues to coordinate logistics such as traffic and parking for shoppers.

**Lower Columbia College (LCC):** LCC, founded in 1934, enrolls approximately 3,000 students each quarter. The campus consists of 26 buildings on 38.75 acres at the heart of Longview with a modern library, computing and tutoring centers, fitness center, art gallery, and bookstore. The college offers degrees and certificates in more than 70 fields. In addition to two-year degrees, LCC currently cooperates with other colleges to offer 41 bachelors' degrees and graduate degrees. Additional educational services offered include noncredit community education courses and Senior Studies classes; high school completion; adult basic education; and English as a Second Language. Its Business and Industry Center offers vocational training programs ranging from truck driver training to small business accounting.

#### 4. Strategic Adjustment Goals

**The Cowlitz-Wahkiakum Council of Governments' Economic Development District (pending federal approval):** The 2018-22 CEDS regional priorities established by the CEDS Committee and approved by the CWCOG Board of Directors are outlined below. Those highlighted relate specifically to the Longview RLF:

- **Continue efforts to diversify the regional economic base.**
- Continue efforts to support operations of area ports and the management of the Columbia River Channel for trade.
- Enhance the attractiveness of the Economic Development District by promoting tourism and tourism investment throughout the region.
- **Encourage and promote programs intended to enhance new business start-ups, entrepreneurial development, and small business growth.**
- Maintain and enhance the district's quality of life and quality of place efforts by supporting and coordinating cooperative efforts throughout the district.

- Maintain and expand the base infrastructure, with an emphasis on freight mobility and broadband, in efforts to support the development of business/industry throughout the region.
- Provide information and forums for discussion of resilience issues within the region and promote interdisciplinary planning efforts.
- Facilitate the development of an educated and skilled workforce with an emphasis on pre-apprentice pathways for high school graduates that will prepare them for apprenticeship programs.
- Provide support for enhancing the quality and quantity of housing units throughout the region to include workforce housing through executive housing.

**City of Longview Comprehensive Plan:** The City is in the final stages of updating its comprehensive plan which will address the importance of economic development tools including the RLF.

**Cowlitz Economic Development Council’s Strategic Plan:** Its goals are:

- New businesses choose to locate in Cowlitz County
- Local businesses and entrepreneurs of all sizes are successful and increase revenues profitability, jobs and investment.
- People choose to live, work, and play in Cowlitz County communities.
- Cowlitz County businesses have the workforce they need and incumbent and prospective workers have education and training they need.
- The CEDC is a catalyst for business and community investment and innovation.

## 5. Organizational Structure and Implementation

The RLF is a solid piece of the overall strategy to help promote business development and expansion in the community. Without the gap funding of the program the community would have lost out on many business investments that have seen strong success.

**CWCOG:** The CWCOG is the EDA grantee of the RLF and manages the grant reporting and documentation as required by the EDA. The CWCOG staff or contractor assists with marketing, outreach, pre-screening and loan packaging.

**City of Longview:** The City of Longview is the loan program Administrator as defined and provided in a contract between the CWCOG and EDA and between the CWCOG and the City of Longview. The city is responsible for financial management of the program, developing and maintaining records and files for loans and for organizing, staffing and supporting the Loan Administration Board (LAB). The Board reviews loan applications and meets periodically to assess and amend as necessary goals and targets for the RLF program. Board members are appointed by the Longview City Council.

**Cowlitz Economic Development Council:** The CEDC assists the city with marketing the RLF to prospective applicants.

## **B. Business Development Objectives of the RLF**

### **1. Objectives**

The business development strategies for this plan are:

- Increase the economic viability of existing retail and small manufacturing companies.
- Strengthen local businesses to prevent the loss of jobs.
- Assist commercial business start-ups, expansion and preservation.
- Encourage the siting of firms that add value to the local primary industries, including natural resources, tourism, manufacturing and health.
- Attract businesses that will provide additional capital and jobs to the area.
- Encourage the development of higher skill, higher wage jobs.
- Diversify the types of industries to minimize the effect of downturns in certain sectors.

### **2. Target Business Characteristics**

The RLF targets are new and expanding businesses in appropriate locations, with a focus on the following distinct sectors:

- a. Downtown:** The commitment by the city to revitalize the downtown is a key strategy identified in the Longview Comprehensive Plan and is supported by this plan. The geographic area of the downtown is described in downtown specific plans and policy documents. The city works with downtown organization(s) to focus resources to priority businesses and services appropriate to maintaining and enhancing the downtown area.
- b. Industries and industrial areas:** The RLF will target all businesses and industries with an emphasis on those that diversify the regional economy. CEDC's targets include specialized manufacturing, advanced logistics and distribution, professional, technical and scientific services and healthcare.
- c. Target area:** Changing conditions may result in the need to use the RLF and its program income to meet economic development needs within Title IX eligible areas of Cowlitz County outside the city limits of Longview. The Longview City Council, which has provided the required 25% local match to capitalize the RLF, shall have the authority to approve the lending of funds for projects located outside city limits. The LAB will request City Council approval of any loans outside the city limits that the LAB may consider.

### **3. Types of Assistance**

Identification of assistance needed by businesses is a partnership effort by the city, CEDC, the CWCOG and other partners including but not limited to the Small Business Development Center, Kelso Longview Chamber of Commerce, Workforce SW Washington, SCORE and Lower Columbia College. These partnerships are strongly established in the city and Cowlitz County. Any new needs will be addressed by the partners. The types of assistance provided by the partnership include but are not limited to:

- Financing and accessing capital
- Siting for development and/or expansion
- Permitting
- Technical assistance
- Business mentoring
- Business planning

- Workforce development
- Training

#### **4. Programs and Activities**

The local partners will provide a full service for businesses to access, not only the RLF, but other tools for successful business development. The partners have provided services to a wide variety of businesses in Longview for over 25 years.

### **C. Financial Strategy, Policy and Portfolio Standard**

#### **1. Financing Strategies and Policies**

##### **a. Financing Needs**

RLF funds will provide an immediate, flexible and accessible source of financing for small businesses including start-ups that currently have few private resources available. The RLF is generally used to fill the “gap” between a commercial loan and the proposed financing needs of the business. Small businesses, especially start-ups, are often unable to secure loans from private lenders. The RLF has existing funds to help supplement other loans and borrower equity. Private equity can and should be included in the loan package.

Local banks are receptive to commercial loans and are engaged to assist business in the region. Three banks are currently involving on the LAB and have provided lead and resources for the RLF and its borrowers. The market is limited in the availability of other public financing as some of the large statewide entities have a limited presence in the market.

**Borrowers:** RLF funds are primarily for private sector borrowers. However, public borrowers may be considered eligible if the economic benefits to the community are substantial and a need for such financing is documented. Funds will finance both new and existing businesses for expansion and retention opportunities. Smaller businesses and industries should be the primary recipients of the funds. However, larger firms which will provide larger economic benefits such as jobs and increased tax base will be considered on a case-by-case basis.

##### **b. Financing Niche**

Financing will be provided for assets such as machinery and equipment, leasehold improvements, land and building and working capital. The RLF will provide a lending gap for businesses.

##### **c. Standard Lending Terms**

- i. Interest rates: Loans will be made to eligible borrowers at interest rates determined to be most appropriate to achieve the goals of the RLF. Interest rates should be designed to assist firms with special credit problems. Such loans may involve greater risks and lower interest rates. These rates will be determined by the RLF Loan Administration Board and city staff based on EDA guidelines. The minimum interest rate will be four percentage points below the lesser of the current money center prime interest rate quoted in the Wall Street Journal, or the maximum interest rate allowed under state law. In no event shall the interest rate be less than the lower of four percent or 75 percent of the prime interest rate listed in the Wall Street Journal.

- ii. Equity or cash injections required: The Loan Administration Board has flexibility in requirements for equity or cash infusions for a project. A minimum of 10% borrower equity will usually be required in the form of cash, machinery and equipment, inventory and receivables, land and buildings or other assets. Specific circumstances such as large job, tax or other economic benefits may justify a waiver of the equity requirement and provision of up to 100% financing. Some startups may require higher than standard equity injections, which will be reviewed on a case-by-case basis by the Loan Administration Board. The standard guidelines, which are normal in most loans, are as follows:

Fixed asset loans	10% new equity
Real Estate	10%
Working Capital	20% (or a working capital position of 20% of the loan)

- iii. Standard repayment terms: The term of the loans will not exceed the useful life of the assets being financed. The ability of the borrower to repay will also be taken into consideration. If possible, short rather than longer terms will be set in order to recycle funds faster to make more loans. Under certain circumstances, the Loan Administration Board may grant deferral of principal payments for up to one year when necessary for the success of the project. Balloon payments may be utilized in the RLF program for working capital, machinery and equipment, and real estate and building loans. The following are normal loan terms:

Equipment	Up to 7 years
Real Estate	Negotiable up to 20 years
Working Capital	Negotiable up to 5 years

**d. Collateral Policy**

Adequate collateral will be required for all RLF loans. The RLF will secure each loan to the maximum extent possible in the judgment of the Loan Administration Board. Security interests will be taken on available assets, both business and personal. These may include liens on fixed assets (land, buildings, machinery and equipment, etc.), inventory, receivables, assignment of patents and licenses, and other available assets of the borrower. Personal guarantees may also be required from principal owners, as appropriate.

In general, the “abundance of caution” approach will be used regarding collateral. Each loan will be secured to the greatest extent possible to obtain a secondary source of repayment. The RLF will obtain not only a perfected interest in the borrower’s assets, but also in available outside assets of related parties, personal guaranties and assignment of life insurance, as appropriate. Hazard and flood insurance, as necessary, naming the city as loss payee, will be required to protect against loss of collateral.

The amount and type of collateral will be negotiated with the borrower. The loan-to-value ratio will be determined on an individual basis depending on the strength of the financial position of the borrower and the project. The gap financing that this program generally will be providing often requires that we lend more than the ideal on physical assets in order that the borrower have adequate cash to meet working capital requirements. Because RLF loans will most often be in a subordinate lien position, sufficient cash flow for debt service is considered to be of greater importance than any hard and fast loan-to-value ratios and

depending on circumstances, the Loan Administration Board may allow an exception to this policy.

**The RLF policy is that loans will normally have a minimum of one-to-one collateral value coverage.** This is a standard minimum, and in most cases, attempts will be made to obtain higher coverage. The program will seek to obtain optimum coverage. Some optimum goals for collateral coverage are as follows:

Real Estate	90%
Equipment, furniture and fixtures	80%
Leasehold improvements (term limited to less than period of lease)	60%

Working capital (current) assets are not usually considered the best collateral for long-term debt. However, these assets often may be used for collateral to provide additional strength in the case of a loan with less than optimum coverage by fixed assets.

Methods of valuation of assets used for collateral will be objective. Real estate will be valued by an approved licensed appraiser. If a lead lender obtains an appraisal, generally (but at its option) the loan board will accept valuation from such appraisal rather than requiring another (use of appraisal is subject to approval by the lender). Other asset types will be valued by methods that will adequately show market value by use of objectively obtained market comparisons, appraisals by qualified and approved persons, or by staff valuation. The valuation will take into consideration book value discounted according to useful life and condition. In all cases, valuation will need to show due diligence and objective evidence in addition to values provided by the borrower. Documentation of collateral values will be required in the loan file.

**e. Loan Size**

The target size of RLF loans is \$50,000 and may range from \$10,000 to \$100,000. Loans above or below the ranges will be evaluated on a case-by-case basis. The Loan Administration Board may make loans of any size based on circumstances and with documentation supporting the decision based on the guidelines included in this plan.

**f. Loan Fees and Other Charges**

The following fees are typically used to cover the costs of RLF program administration. They may also be invested in the RLF for relending. These packaging and servicing fees may be charged or waived as appropriate to meet the goals and objectives of this RLF Plan.

- i. A *loan packaging fee* of between 0% and 4% of the total amount of the RLF loan may be charged.
- ii. A *loan servicing fee* of no more than 1% per year on the declining principal balance of the RLF loan may be charged to the borrower.
- iii. The amount of these fees may be included in the RLF loan.
- iv. Charges may be made for delinquent payments.

The RLF will have a solid but flexible payback policy. After evaluation of specific circumstances, the RLF Advisory Committee may approve a temporary moratorium on loan payment.

## 2. Portfolio Standards and Targets

### a. Business Types

The RLF partners have a goal of achieving the following mix of business types in the target area:

Industrial	50%
Commercial	40%
Service	10%
New business	40%
Expansion	40%
Retention	20%

### b. Loan Purpose

The anticipated percentage of investments by purpose of the loan:

Fixed Assets	80%
Working Capital	20%

### c. Leveraging

To the greatest extent possible, the RLF should be used to leverage funding from other public and private sources. Leveraging goals have been set for each loan and for the portfolio as a whole. Flexibility can be used on individual loans as circumstances warrant, but the effect of the portfolio goals will be considered. Goals for leveraging of private investment from private lenders such as banks and private investment from borrowers or other investors are as follows:

Leverage ratio goal for portfolio (startups)	\$3-private: \$1 RLF
Leverage ratio goal for portfolio (established)	\$4-private: \$1 RLF
Leverage ratio for each loan (minimum)	\$2-private: \$1 RLF

The current ratio for all loans is \$2.9: \$1.

### d. Cost per Job

The RLF partners will target higher skill, family wage jobs. The creation of these types of jobs often requires a larger capital investment. The overall RLF portfolio goal for cost per job is one job for \$8,000 loans or less. Currently, the RLF job ratio is 1: \$3,351.

### e. Criteria for Types of Jobs to Be Created or Retained

- i. The RLF will target all businesses and industries with an emphasis on those that diversify the regional economy. They may also serve as a second or third tier supplier to the area's primary industries that include natural resources (primarily wood product based). Other targets include health care, other manufacturing, and national and international trade.

- ii. Commercial and wholesale jobs and other secondary economic sector jobs in the downtown area are a priority. Jobs should also target unemployed commercial sector workers laid off due to the declines in the area's base economy.
- iii. Small companies outside the labor market areas wishing to locate business expansions within the city may be financed. *Businesses relocating jobs from another market area are ineligible to borrow from the RLF.*

### **3. Loan Selection Criteria**

#### **a. Eligible Applicants**

To be eligible, an applicant should meet some of these factors:

- i. A private for-profit firm, preferably a small business (generally defined by the Small Business Administration) and not dominant in its field. In most cases, the business will be located in the targeted area of the downtown or industrial zones. The applicant's business must be within the city limits of Longview or immediately adjacent thereto.
- ii. A general or special purpose unit of local government, or a public or private non-profit organization, only if the project will meet needs of a specific and committed for-profit business where job creation and leveraging goals are met.
- iii. Demonstrate that the funds are not otherwise available or are not taking the place of private financing on terms.
- iv. Show a reasonable assurance of repayment of loans. Among other things, this will be judged by standards of character, capacity, collateral, conditions and capital.
- v. The project should be consistent with the RLF plan.
- vi. The applicant should be in a position to capitalize and build upon local assets, and assist in advancing innovation or increase productivity in the economy.
- vii. Assist in building a regional cluster.
- viii. Maximize private sector investment that would not otherwise come to fruition without the RLF's investment.
- ix. Support the creation or retentions of high skill and high wage jobs.

#### **b. Eligible Projects**

Eligible projects may be for expansion, startup or retention of a business that will meet the goals of the RLF program. Rules for each business stage loan will remain consistent. Loans may be for fixed assets or working capital.

- i. Eligible fixed assets loans may include:
  - Acquisition and improvements of land and buildings
  - New construction or renovation of existing facilities
  - Demolition and site preparation
  - Plant modernization and expansion
  - Acquisition of new or used machinery and equipment
- ii. Eligible working capital loans may include:
  - Inventory purchases
  - Accounts receivable financing
  - Operating expenses
  - Other non-capitalized assets

**c. Ineligible Loan Activities**

Ineligible loan activities include the following and as outlined in 13 CFR 307.17:

- Loans outside the designated eligible area with the exception noted in Part 1 B.2.c (page 6).
- Loans which have the effect of relocating jobs from one labor area to another.
- Loans for the purpose of investing in accounts, securities, real estate or any other investment not related to job creation/retention.
- Speculative activities such as land banking and construction of speculative buildings that do not have specific job creating tenants committed.
- Loans that would create a conflict of interest as defined by the Standard Terms and Conditions Part II Section I.
- Acquire an equity position in a private business;
- Subsidize interest payments on an existing RLF loan;
- Provide a loan to a borrower for the purpose of meeting the requirements of equity contributions under another Federal Agency's loan programs;
- Enable borrowers to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire a business to facilitate a significant expansion or increase in investment with a significant increase in jobs. The potential economic benefits must be clearly consistent with the strategic objectives of the RLF;
- Provide RLF loans to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit, or any investment unrelated to the RLF; or
- Refinance existing debt, unless:  
The RLF Recipient sufficiently demonstrates in the loan documentation a “sound economic justification” for the; or RLF Cash Available for Lending will finance the purchase of the rights of a prior lien holder during a foreclosure action which is necessary to preclude a significant loss on an RLF loan. RLF funds may be used for this purpose only if there is a high probability of receiving compensation from the sale of assets sufficient to cover an RLF's costs plus a reasonable portion of the outstanding RLF loan within a reasonable time frame approved by EDA following the date of refinancing.
- Serve as collateral to obtain credit or any other type of financing without EDA's prior written approval;
- Support operations or administration of the RLF Recipient; or
- Undertake any activity that would violate the requirements found in part 314 of this chapter, including § 314.3 (“Authorized Use of Property”) and § 314.4 (“Unauthorized Use of Property”).

## **PART II. REVOLVING LOAN FUND OPERATIONAL PROCEDURES**

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*The RLF will be operated using Prudent Lending Practices. The program will follow generally accepted underwriting and lending practices for public loan programs, based on sound judgment to protect Federal and lender interests. Prudent Lending Practices include loan processing, documentation, loan approval, collections, servicing, administrative procedures, collateral protection and recovery actions. Prudent Lending Practices provide for compliance with local laws and filing requirements to perfect and maintain a security interest in RLF collateral.*

### **A. Organizational Structure**

#### **1. Administration**

The partnership between the CWCOG and the City of Longview for the RLF plan will respond to all administrative requirements for the RLF plan. The CWCOG, as the grantee, will provide program administration for EDA reporting. CWCOG staff consultant will conduct marketing and outreach of the program, help pre-screen, package and structure loans for Loan Administration Board consideration, and (in conjunction with the City of Longview staff) coordinate the packaging of approved loans. The City of Longview will assist with legal and financing services.

#### **2. RLF Loan Administration Board**

##### **a. Authority**

The City of Longview is the administrator of the RLF program, under contract to the CWCOG, the program grantee. The Longview City Council appoints an eight-member Loan Administration Board (LAB) consisting of the following members:

- Three representing Longview financial institutions
- Two from the Longview City Council
- One from the CEDC
- One representing small business within city limits
- One at-large member (to be determined by the city)
- The Longview City Manager will serve on the board
- [The CWCOG Director is a non-voting, ex-officio member]

The LAB makes loan policies and operating procedures, and all major loan decisions. Changes and other delegations may be made as deemed necessary. The principal activities of the Board are as follows:

- Accepts grants to capitalize the RLF;
- Reviews, amends and submits an RLF Plan to the city council and CWCOG Board for approval;
- Recommends to the city council potential persons to fill board vacancies;
- Provides overall policy guidance to the program and staff;
- Approves RLF working arrangements with third parties, specifically commercial banks;
- Makes decisions on final applications for loans;
- Decides whether to call delinquent loans; and
- Decides whether to liquidate loans.

**b. Basic Procedures**

Loan Administration Board members will elect a chair and vice chair who are responsible for coordinating with city staff to set the date, time, place and agendas of board meetings. A quorum to conduct business is five (5) members, with a simple majority of a quorum sufficient to make decisions. In the case of a tie vote, the City Manager will vote to break the tie.

**3. Standard Loan Application Requirements**

All applicants for loans from the RLF shall be required to fill out a separate standard RLF application form and supply the additional items as indicated in the application.

**4. Credit Reports**

Credit reports will be obtained on applicants or other evidence of credit worthiness documented at time of application.

**5. Appraisals**

Appraisals will be required on real estate pledged for collateral when the financing amount is greater than \$100,000. If the financing is less than \$100,000, a real estate valuation from a qualified source may be substituted. In most cases, a copy of the appraisal done by a participating bank will be available, provided the bank and appraiser approve of its use. Generally, appraisals are valid for one year unless the Loan Administration Board decides otherwise.

**6. Loan Write-ups**

A loan request summary will be produced by the CWCOG lending staff for initial review and discussion by the LAB. The summary is included as appendix A2. Following the initial discussion, any conflicts of interest shall be disclosed and discussed by the LAB as necessary. If appropriate, the party with a perceived or real conflict will remove themselves from the discussion.

Final discussions regarding a loan request will be based on the full loan package. Contents of the loan package outlined in Appendix A4 will be shared with the LAB. The package will include confidential and proprietary information as necessary to make the loan decision.

The loan request summary will include:

- Overview – The company’s history, product(s), capacity and management; a discussion and analysis demonstrating the need for RLF funds and how the RLF is not replacing private lending sources; and job creation.
- Include a bank denial letter and supporting documents as available.
- Principals – Background and experience of owners.
- Market – A discussion of the business’s market and competitive environment.
- Financing – Sources, amounts and uses of project financing and collateral.
- Credit Summary or Financial Analysis – An analysis of the business and personal financial condition, credit reports, and repayment ability.
- Summary – Usually points out strengths and weaknesses of the proposed loan.
- Recommendation – Staff recommendation to the Loan Administration Board including terms and conditions.

The Loan Package will include:

- Credit Reports for principles and guarantors

- Three-year financial history for existing firms (balance sheet, cash flow and .....)
- Business Plan
- List of Collateral
- Bank denial letter and supporting documents

## **7. Procedures for Loan Decisions**

A quorum of the Board (simple majority) will review the loan write-ups, possibly interview the applicant, discuss the proposal, and vote on the application which must receive a majority vote of the quorum to be approved. The minutes of the meeting must be taken and kept in a permanent file. The decision of the Board will be communicated to the applicant as soon as is practical via commitment letter specifying terms of the loan and time period of the commitment, or a letter of declination.

If a loan application is declined, the applicant has thirty (30) calendar days to submit a written appeal to the Board, requesting a meeting for the Board to reconsider the application. The appeal should include rationale for the reconsideration to be reviewed by the LAB. The board will meet within 30 days of the receipt of the appeal if possible. If not possible, a reasonable explanation will be provided to the applicant. If the Board, after the meeting, declines the loan application, that decision is final. If necessary the board may take a vote using an electronic means to facilitate a final review and decision without discussion.

Staff will develop and present loan information for the LAB review. The full board will make the final loan decisions. The LAB will follow procedures set forth in this plan in evaluating applications and making final decisions.

Minutes of all meetings will be kept as part of the permanent record and shall document the vote taken to approve or deny loan applications.

## **8. Loan Closing and Disbursement Procedures**

### **a. General Closing Requirements**

The actual provisions for the RLF loan closing and servicing may vary from that outlined here. Loan servicing from closing to loan repayment may be carried out by private lending institution staff under contract to the city. The borrower will provide to lending staff, on a periodic basis, copies of current company and personal financial statements and any supplemental information on financial condition and operation requested.

Lending staff and the city attorney will prepare closing documents and all back-up materials of the RLF loan. Closing meetings will have all relevant parties attending to close a deal.

### **b. Loan Closing Documents**

Required on all loans will be the Loan and Security Agreement and Note. For loans secured with real estate, a Trust Deed will be required. For loans using other collateral, a UCC filing will be required along with lien searches both before and after filing showing the City of Longview as lien holder in the desired position approved by the Loan Administration Board. For licensed vehicles, a title showing the City as a lien holder will be required.

**c. Loan Disbursements**

Prior to disbursement of RLF loan proceeds, the borrower must provide evidence that the purpose for which the loan was made is what the proceeds are being used for. In the case of purchase of physical assets, invoices, orders or delivery documentation will be acceptable types of evidence. In loans for construction, the loans are usually for permanent financing and a construction lender will provide evidence that the project is complete. Title insurance is required showing that there are no construction liens on the property. The size of, and disbursement schedule for working capital loans will normally be determined by the Board based on schedules provided by the borrower prior to loan closing.

**9. LOAN SERVICING PROCEDURES**

**a. Loan Payment and Collection Procedure**

For all approved loans, the City of Longview will establish a loan contract collections account with a third-party loan servicing center. Borrowers will have loan payments automatically withdrawn by the third-party loan servicing center on the due date. All payments are posted to the borrower's Payment Record Ledger showing the date and amount of the payment together with the breakdown of principal and interest and the remaining balance. Monthly payment records shall be provided to the borrower and the City of Longview.

**b. Audits, Accounting**

City financial audits are conducted annually consistent with EDA audit requirements of all program transactions and a written report shall be provided to the CWCOG. The State Auditor's Office conducts audits of agency records the final audit will be shared with EDA. CWCOG will be audited as required (usually every other year) and will share audit with EDA. CWCOG and City shall employ recommended standard accounting procedures to record and report all financial transactions. The City accounting system will follow grantor guidelines and use a double- entry system. Financial reports may be provided as determined by the City to meet EDA requirements.

**c. Loan Monitoring Procedure**

Specific language will be included in the RLF loan agreement requiring the borrower to comply with the provisions of appropriate federal laws, regulations and executive orders regarding Civil Rights, Environmental Compliance, and Flood Hazard Insurance. Specific language will ensure that the loan will be in default and will be called if the project is moved out of the city limits or out of the location approved by the Longview City Council if the funded project location is outside the city as allowed in Part 1 Section B.2.c. Applications may be disapproved by the Board in the event that the proposed project adversely impacts, without appropriate mitigation: floodplains, wetlands, significant historical or archeological properties, drinking water resources, or non-renewable natural resources.

Lending staff shall do the following:

- Counsel with borrower as appropriate to address any problems which may be foreseen.
- Assess appropriate late charges for delinquency in payment schedule.
- Recommend other management actions by the borrower to resolve potential or actual problems.
- Carry out other appropriate actions, as needed, including declaration of default and recall of the RLF loan, to protect the interest of the RLF loan, while still responding to the legitimate needs of the borrower.

Borrower will provide reports to the LAB as requested and per this schedule that will be presented to them at closing.

Yearly Job Report (Appendix B)

Year one – Quarterly accounts receivable, accounts payable and work in progress reports

After year one – Yearly on loan anniversary - accounts receivable, accounts payable and work in progress reports

**d. Late Payment Follow-up Procedure**

The City will monitor payment receipt through the third part vendor. The vendor will notify the City of all late payments by the 10<sup>th</sup> day. The City will confirm delinquency at 15 days. If the payment has been received a note to the borrow will be sent reminding them of the payment deadline and requesting a meeting if the borrow is anticipating additional late payments. If the payment has not been received the following schedule will be followed. Every effort will be made to work with the borrower to resolve the delinquency. *Modification of the terms of the loan will be used only when it can be demonstrated that the modification will improve the ability of the borrower to repay.*

Schedule

15 days late – Personal call to borrower

30 days late – Send letter of delinquency, notify guarantors and inform the LAB

45 days late – Make second personal call to borrower

60 days late – Send second letter, notify guarantors and inform LAB, Staff and city attorney will review security interest and prepare for action as needed

90 days late – Initiate process outlined under 5 (below)

**e. Procedure for Handling Loans Over 90 Days in Arrears**

If a loan becomes 90 days delinquent, staff will make a recommendation to the LAB on actions to be taken such as repossession of collateral, foreclosure, etc. The Board will make the final decision on all such actions. Staff and city attorney will make sure all documentation is in order and file paperwork as determined by the LAB. This includes confirming security interests are in place. Notification will be sent to all guarantors indicating their liability. Other lenders will be notified.

15 Days – call to principal

30 days – default letter issued with copies to any guarantors

90 days – Start procedures

**f. Write-off Procedure**

If a loan or portion of a loan remaining after liquidation of collateral is determined to be uncollectable, it will be written off. The direct write-off method of accounting is used. However, collection efforts will continue until it is determined by the Board that such efforts are no longer cost effective.

**g. Priority of Payments on Defaulted Loans**

When receiving proceeds on defaulted loans not subject to liquidation pursuant to federal regulations, as amended, such proceeds shall be applied in the *following order of priority*:

- Any costs of collection;
- Outstanding penalties and fees;
- Any accrued interest to the extent due and payable; and
- Any outstanding principle balances.

**h. Administrative Costs**

The RFL administrative costs will be taken from RLF income.

**10. Loan Agreement Provisions**

The loan agreement will specify the purpose of the loan. The Document will protect and hold the Federal government harmless from and against all liabilities that the Federal government incur as a result of providing an RLF Grant to assist directly or indirectly in site preparation or construction, as well as the direct or indirect renovation or repair of any facility or site.

The LAB may require such paperwork of all borrowers, consultants or contractors to certify their understanding and compliance with all federal salutatory and regulatory requirements for the loan funds.

**11. Administrative Procedures by the City of Longview**

**a. Procedure for Loan Files and Loan Closing Documentation**

loan file must contain all of the documentation on that loan. Included in each file are the Loan and Security Agreement, Note, and Trust Deeds, UCC filings and searches, the application, business plan and/or other documents submitted with the application, private lender commitment, write-up, approval, insurance certificates, financial statements, job reports, correspondence, servicing/site visit notes and any other documentation regarding the loan. The loan files are kept in a fireproof filing cabinet by the City.

**b. Procedure for Complying with EDA Reporting Requirements**

CWCOG or CWCOG Consultant staff is responsible for preparing required EDA Semi-Annual reports. The staff accountant prepares the required financial reports to EDA as well as ensuring that an independent audit is sent to EDA annually. City will provide such audit to the CWCOG. Each RLF fund is accounted for separately. Income and expense line items are accounted for separately from principal repayments and loans made.

**c. Grantee Control Procedure for Ensuring Compliance with All Grant Requirements and for Monitoring the RLF Portfolio**

City staff keeps a grantee file with copies of all required reports, audits and EDA compliance manuals, guidelines and Standard Terms and Conditions. The forms used for documentation of RLF loans will be reviewed by the city attorney.

**d. Environmental Review Process**

**i. Administration**

As outlined in Part III, the LAB will monitor the recipients of loan for environmental compliance through a self-reporting program. The City shall insure that prospective borrowers comply with all applicable environmental regulations for the proposed business and its activities. RLF loan agreement papers shall include applicable federal

requirements to insure compliance. The recipients will complete a yearly self-certification regarding their environmental compliance.

**e. Non-Discrimination**

The City, CWCOG lending staff and the CEDC will market the RLF program to prospective minority and women borrowers. The cultural interpersonal network within the Hispanic community is often a more effective method of informing that community. The lending staff will make personal calls to current minority borrowers, other minority entrepreneurs, bankers and economic development organizations the Kelso/Longview Chamber of Commerce, and the Small Business Development Center (SBDC) for assistance in spreading the word about the program and for ideas for marketing the RLF. Outreach will include connecting with the Native American residents and tribal officials. Press releases and personal contacts will emphasize the opportunities that the RLF can bring to small businesses owned by women and minorities.

RLF funds will be made available on a nondiscriminatory basis and no applicant will be denied a loan on the basis of race, color, national origin, religion, age, handicap, or sex. A provision is included in the RLF loan documents that prohibit borrowers from discriminating against employees or applicants for employment or providers of goods and services. The CWCOG will monitor borrower compliance with civil rights laws periodically by reviewing the job reports that will be submitted to the CWCOG for subsequent reporting to EDA.

**f. Confidentiality**

Confidentiality regarding financial information will be guarded at all times. No CWCOG, CEDC or City of Longview staff or Loan Administration Board member will use their official position or office to obtain confidential information or in any other way obtain financial gain for themselves other than salary and/or reimbursement of expenses, or for any member of their household, or for any business with which they, or a member of their household, is associated.

**B. ENVIRONMENTAL REVIEW PROCESS**

1. The RLF will be operated to follow applicable environmental laws and other regulations, including 13 CFR § 307.10 and parts 302 and 314 of the same chapter. Procedures to comply, and ensure that potential borrowers comply are included as part of this Plan. Prospective borrowers, consultants, or contractors will be made aware of and required to comply with the Federal statutory and regulatory requirements that apply to activities carried out with RLF loans. Loan documents and agreements will include applicable Federal requirements to ensure compliance. The policies in this plan include the requirement for annual compliance reporting by each borrower and corrective actions available to the LAB in the case on non-compliance.

Prior to closing of any RLF, the applicant shall provide evidence that environmental permits, if any, have been issued. CWCOG staff will work with Longview city staff (or others if the project is outside the City) to assist in gathering the appropriate evidence.

The closing documents will include certifications by the borrower to comply with 13 CFR § 307, 13 CFR § 302, and 13 CFR § 314

As required the LAB will work to ensure compliance by RLF recipients and such recipients must adopt procedures to diligently correct instances of non-compliance. The LAB will consider loan call stipulations as necessary if a recipient fails to meet the requirement of environmental permits they operate under or otherwise fail to comply with environmental standards.

**C. Conflict of Interest**

1. The LAB will work to comply with 13 CFR 302.17 regarding conflict of interest in operating a revolving loan fund. The policy for such is included below.
  - a. No officer, employee, or member of the CWCOG (as RLF grant recipient), Loan Administration Board, or other board (hereinafter referred to as "other board") that advises, approves, recommends or otherwise participates in decisions concerning loans or the use of RLF grant funds, or person related to the officer, another employee, or any member of the CWCOG or LAB by immediate family, law, or business arrangement, may receive any benefits resulting from the use of the RLF loan or grant funds.
  - b. An RLF applicant may not work to influence the support of officers, employees, LAB members, or others involving in the decision-making process outside of a regular advertised meeting of the LAB.
  - c. Immediate family is defined as parents, grandparents, siblings, children and grandchildren, but does not include more distant relatives, including cousins, unless they live in the same household. Exception: A benefit or loan may be conferred if the officer, employee, or Board member affected first discloses to the RLF Recipient and the LAB on the public record the proposed or potential benefit and receives the RLF Recipient's and/or LAB's written determination that the benefit involved is not so substantial as to reflect adversely upon or affect the integrity of the RLF Recipient's and/or LAB's decision process or the services of the officer, employee or board member.
  - d. An officer, employee or board member of the RLF Recipient or the LAB must not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment or any other thing of monetary value, for himself or for another person, from any person or organization seeking to obtain a loan or any portion of the grant funds.
  - e. An officer, employee or board member involved in the decisions of the LAB may not influence the vote of the LAB if they have a perceived or actual conflict of interest relating to the applicant. Any perceived or actual interest in the applicant, a competitor to the applicant, a supplier to the applicant will be disclosed to the LAB. The party should recuse themselves from the discussion and decline to review any proprietary information from the applicant.
  - f. Former board members and/or officers are ineligible to apply for or receive an RLF loan for a period of two years from the date of termination of his/her services. Exception: A benefit or loan may be conferred if the officer, or Board member affected first discloses to the RLF Recipient and/or LAB on the public record the proposed or potential benefit and receives the RLF Recipient's and/or LAB's written determination that the benefit involved is not so substantial as to reflect adversely upon the integrity of the RLF Recipient's and/or LAB's decision process.

## **PART III. PERFORMANCE ASSESSMENT**

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### **A. Risk Analysis System**

The program will participate in the EDA's RLF Risk Analysis System beginning in 2018. EDA's system will evaluate, monitor, and improve performance within the RLF Program. This is a risk-based management framework, to evaluate and manage the RLF Program. Previously, EDA applied a limited compliance-based approach to determine whether RLF Recipients adhered to regulatory requirements and fulfilled the terms of RLF awards. RLF Recipients found to be non-compliant were subject to possible corrective action plans (CAPs), sequestration, and termination. In transitioning to the Risk Analysis System, EDA is modeling its oversight of RLF awards on the Uniform Financial Institutions Rating System, commonly known as the CAMELS (for Capital, Assets, Management, Earnings, Liquidity, and Sensitivity) rating system, which has been used since 1979 by a number of Federal agencies to assess financial institutions on a uniform basis and to identify those in need of additional oversight.

The Risk Analysis System uses a set of measures that generally examine these same components applied in CAMELS. However, EDA has developed a modified approach to accommodate the unique goal of the RLF Program as a driver of critical economic development, particularly within distressed communities. In addition to assessing RLF Recipients based on metrics for capital adequacy, asset quality, management capability, earnings, and liquidity, EDA will examine strategic results of the grant award.

### **B. General Performance Measures**

The city of Longview will assess performance by comparison with the portfolio standards and targets as stated in Section E. of this RLF Plan. Other loan portfolio and individual fund data will be measured and compared to benchmarks and requirements. These include:

1. Number and dollar amount of loans
2. Percent of portfolio outstanding on a semi-annual basis
3. Number of loans and outstanding loan balances performing as agreed compared to:
  - \* Number of and dollar amount of outstanding balances of delinquent loans 30 or more days past due
  - \* Number of and dollar amount of outstanding balances of loans in default
  - \* Number of and dollar amount of outstanding balances of loans written off
4. Degree of leveraging of private dollars to loan dollars
5. Number of jobs created and/or retained
6. Quality of jobs (skill and pay levels)
7. Cost per job
8. Capital Utilization Standard per funding source agencies

Performance of the RLF portfolio will be assessed regularly. Reports will be provided to the Loan Administration Board and City Council. The CWCOG will review the performance of the RLF on a semi-annual basis and certify yearly to the EDA, and other agencies as required, that the RLF plan is consistent with the area's development strategy as defined in the CEDS, that the RLF is being operated in compliance with the policies and procedures contained in the RLF plan; any exceptions will be noted. The RLF Plan will be amended, as appropriate, to conform to changes in economic conditions and the Comprehensive Economic Development Strategy. Procedures and policies for

Plan modifications of funding source agencies will be followed as relevant and required. Reporting guidelines, procedures and policies of other funding agencies will be followed as relevant and required.

The RLF plan will be update every five years.

## Appendix A

**CITY OF LONGVIEW REVOLVING LOAN FUND  
APPLICATION PROCEDURE**

**First stage**

Initial interview: anyone desiring to participate in the program will contact the Cowlitz-Wahkiakum Council of Governments (CWCOG) staff and request an application. [CWCOG, 207 Fourth Avenue North, Admin. Annex, Kelso, WA 98626, 360-577-3041] Staff will explain the loan program and, if it is determined that the applicant may qualify for financing, the completed application is processed. The following information must accompany the application:

- **\$100.00 non-refundable application fee**
- **Copy of financing turn down letter from bank**
- Business Plan
- Balance sheet and an income statement for previous three years (for existing business)
- Current balance sheet and an income statement (not over 60 days old) (for existing business)
- Proforma balance sheet and an income statement - 3 years
- Cash flow projection - 3 years
- Copies of last three years' income tax returns
- Resumes of principals or other key management personnel
- Owners or partners who own 20% or more of the corporation's stock are required to personally guarantee the loan. Personal financial information, income tax returns for last three years and current financial statement are required for each owner.
- Employment plan (form attached to the application)

**Second stage**

Once the application is complete, the CWCOG and City of Longview staff reviews the application and makes recommendations to the Longview Revolving Loan Administration Board which makes the final funding decision. The board may request an interview with the applicant. The applicant is notified of the board's decision.

**Third stage**

If the loan is approved, the applicant will meet with CWCOG and city staff to review the terms and conditions of the loan (interest rate, loan origination fee, loan servicing fee, term of loan, collateral, etc.) and review the employment monitoring and job profile forms and disbursement procedures. Additional information may be requested at that time. Upon receipt of all requested information, a closing date will be set and loan documents will be prepared. At closing, the applicant will sign loan documents and loan funds may be disbursed.

**Notice to corporate applicants:**

The following list of documents will be required at a minimum before a loan is closed:

- Borrowing resolution
- Copy of current State Business License
- Articles of Incorporation, all by-laws and any amendments
- If a partnership; attach a copy of the Partnership Agreement

- Certificate of Insurance

**Costs**

- Application fee           \$100.00 (due with application) – Make Checks Payable to the City of Longview
- Loan origination fee    1 ½ % deducted on entire loan amount at first disbursements
- Interest rate:           to be determined
- Service fee:             .5% APR

LONGVIEW REVOLVING LOAN FUND APPLICATION

<i>BUSINESS INFORMATION</i>			
COMPANY NAME		UBI #	
ADDRESS		FIN#	
CONTACT PERSON		TELEPHONE	
		FAX NUMBER	

TYPE OF ORGANIZATION	's' <input type="checkbox"/>	'c' <input type="checkbox"/>	LLC <input type="checkbox"/>	LP <input type="checkbox"/>	SOLE PROPRIETORSHIP <input type="checkbox"/>	OTHER <input type="checkbox"/>
YEAR ESTABLISHED		NUMBER OF EMPLOYEES		YEARS AT PRESENT LOCATION		

<i>NAMES AND TITLES OF PRINCIPAL EXECUTIVE OFFICERS</i>					
NAME		TITLE		SOCIAL SECURITY #	
NAME		TITLE		SOCIAL SECURITY #	
NAME		TITLE		SOCIAL SECURITY #	

<b>NAMES AND PERCENTAGE OF OWNERSHIP OF STOCKHOLDERS WITH 20% OR MORE OWNERSHIP</b>							
NAME		TITLE		SS #		% OF OWNERSHIP	
NAME		TITLE		SS #		% OF OWNERSHIP	
NAME		TITLE		SS #		% OF OWNERSHIP	

NAME		TITLE		SS #		% OF OWNERSHIP	
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<b>FINANCIAL INFORMATION</b>			
BANK		ACCOUNT NUMBER	

<b>CREDIT RELATIONSHIPS: PLEASE PROVIDE DETAILS OF YOUR BUSINESS CREDIT RELATIONSHIPS BELOW:</b>					
NAME/CREDITOR	PURPOSE OF LOAN	ORIGINAL LOAN AMOUNT	LOAN BALANCE	REPAYMENT TERMS	MATURITY DATE

<b>LOAN REQUEST</b>		
AMOUNT OF LOAN	\$	
TERM OF LOAN		
<b>SPECIFIC LOAN PURPOSE</b>		<b>LOAN REQUEST</b>
<b>USE OF FUNDS</b>		<b>AMOUNT NEEDED</b>
<b>SOURCE OF FUNDS</b>		
<input type="checkbox"/>	WORKING CAPITAL	\$
<input type="checkbox"/>	FINANCE PURCHASE OF INVENTORY	\$
<input type="checkbox"/>	FINANCE PURCHASE OF EQUIPMENT	\$
<input type="checkbox"/>	FINANCE PURCHASE OF REAL ESTATE	\$
<input type="checkbox"/>	OTHER (BE SPECIFIC)	\$

<b>COLLATERAL AVAILABLE (CHECK ALL THAT APPLIES)</b>			
<b>COLLATERAL</b>		<b>VALUE</b>	<b>CURRENT AMOUNT OF EXISTING LIEN</b>
<input type="checkbox"/>	ALL ASSETS (ACCOUNTS RECEIVABLE, INVENTORY, MACHINERY & EQUIPMENT)		
<input type="checkbox"/>	SPECIFIC EQUIPMENT (PLEASE INCLUDE DETAILED EQUIPMENT LIST INCLUDING SERIAL NUMBERS)		
<input type="checkbox"/>	REAL ESTATE (PLEASE ATTACH PROPERTY ADDRESS & LEGAL DESCRIPTION)		
<input type="checkbox"/>	OTHER (PLEASE BE SPECIFIC)		

<i>MISCELLANEOUS INFORMATION</i>			
ARE TAX LIABILITIES CURRENT?		<input type="checkbox"/> YES	<input type="checkbox"/> NO
IS THE BUSINESS AN ENDORSER, GUARANTOR, OR CO-MAKER FOR ANY OBLIGATION NOT LISTED ON FINANCIAL STATEMENTS?		<input type="checkbox"/> YES	<input type="checkbox"/> NO
IF YES, WHAT IS THE CONTINGENT LIABILITY?			
HAS THE BUSINESS OR PRINCIPAL OWNERS DECLARED BANKRUPTCY WITHIN THE LAST 10 YEARS		<input type="checkbox"/> YES	<input type="checkbox"/> NO
IF YES, PLEASE PROVIDE DETAILS			
IS THE BUSINESS A DEFENDANT IN ANY LAWSUIT?		<input type="checkbox"/> YES	<input type="checkbox"/> NO
IF YES, PLEASE PROVIDE DETAILS			
ARE ANY OF THE BUSINESS ASSETS ENCUMBERED BY LIENS OR ATTACHMENTS OF ANY TYPE		<input type="checkbox"/> YES	<input type="checkbox"/> NO

WHAT	BY WHOM	AMOUNT

**LOCATION FACTORS AND SITE REQUIREMENTS**

1. DOES YOUR COMPANY PLAN TO EXPAND RELOCATE NEW VENTURE

2. IF EXISTING BUSINESS, WHERE IS THE FACILITY  
LOCATED \_\_\_\_\_

OTHER PLANT  
LOCATIONS \_\_\_\_\_

3. HOW MUCH COVERED BUILDING SPACE IS/WILL BE REQUIRED FOR YOUR OPERATION  
SQUARE FEET \_\_\_\_\_ ESTIMATED COST \$ \_\_\_\_\_  
LAND SPACE REQUIRED \_\_\_\_\_ ESTIMATED COST \$ \_\_\_\_\_

4. WHAT TYPE OF MACHINERY WILL BE USED  
\_\_\_\_\_

5. DOES YOUR BUSINESS REQUIRE SITE VISIBILITY (IE FROM FREEWAY, ARTERIAL) YES NO

6. DOES YOUR PROJECT REQUIRE RAIL TRANSPORTATION YES NO  
IF NOT, WHAT TYPE OF STREET TRANSPORTATION (MAJOR COLLECTOR, FREEWAY, MINOR COLLECTOR)  
\_\_\_\_\_

7. WHAT IS THE APPROXIMATE MARKET AREA OF YOUR COMPANY?  
\_\_\_\_\_

8. WHAT TYPE OF UTILITIES WILL YOUR PROJECT REQUIRE (I.E., GAS, ELECTRIC, ETC)  
\_\_\_\_\_

9. WHAT TYPE OF WASTE PRODUCTS WILL PROJECT INVOLVE (I.E., SANITARY, INDUSTRIAL WASTE, AIR EMISSIONS)  
\_\_\_\_\_

10. DOES YOUR PROJECT CONTEMPLATE ANY OTHER SPECIAL SITE REQUIREMENTS  
(I.E., SPECIAL TOPOGRAPHY, SOIL CONDITIONS, GEOGRAPHICAL CONDITIONS)?  
\_\_\_\_\_

11. DOES YOUR PROJECT REQUIRE SPECIAL PERMIT REQUIREMENTS (FEDERAL, STATE, OR LOCAL GOVERNMENT  
ENTITIES)  YES  NO IF YES, EXPLAIN  
\_\_\_\_\_

12. WHAT IS THE TIME FRAME FOR THE PROJECT? SPECIFY PHASES  
(I.E., SITE ANALYSIS, MARKETING, CONSTRUCTION, HIRING, OPERATION, ETC. **ATTACH TIME AND PHASE  
SCHEDULE**)  
\_\_\_\_\_

**EMPLOYMENT CHARACTERISTICS**

1. NUMBER AND JOB CATEGORIES OF CURRENT EMPLOYEES AND FOR YEARS 20\_\_ , 20\_\_ AND 20\_\_  
(ATTACH INFORMATION, SEE SAMPLE SHEET).

2. WHAT LEVEL OF TRAINING WILL YOUR COMPANY PROVIDE

- ON-THE-JOB    COMPANY PROVIDED CLASSES    LOCAL INSTITUTION  
 OTHER \_\_\_\_\_

**SAMPLE EMPLOYMENT PLAN**  
 (IN FULL-TIME EQUIVALENT NUMBERS)

Type of Position	End of Year				Number Available to Low/Moderate Income Persons
	Current	20__	20__	20__	
Management	2	2	3	3	0
Sales	1	3	4	6	6
Technicians	2	3	5	5	5
Office and Clerical	1	3	4	4	4
Craftsmen	1	1	2	2	2
Operatives	7	9	12	12	12
<i>Totals</i>	14	21	30	32	29

**EMPLOYMENT PLAN\***

TYPE OF POSITION	END OF YEAR				NUMBER AVAILABLE TO LOW/MODERATE INCOME PERSONS**
	CURRENT	YEAR 1	YEAR 2	YEAR 3	
<b>TOTALS</b>					

\*THIS FORM MUST ACCOMPANY LOAN APPLICATION

\*\*JOBS THAT WOULD BE AVAILABLE TO PERSONS WHOSE TOTAL HOUSEHOLD INCOME CONSIDERED LOW OR MODERATE ACCORDING TO THE FOLLOWING.

NUMBER OF PERSONS IN HOUSEHOLD								
ANNUAL HOUSEHOLD INCOME	1	2	3	4	5	6	7	8

	27,000	30,850	34,700	38,550	41,650	44,750	47,800	50,900
--	--------	--------	--------	--------	--------	--------	--------	--------

**FINANCIAL INFORMATION**

1. WHAT IS THE NET AND PROJECTED INCOME OF THE COMPANY FOR THE NEXT THREE YEARS?

	<u>YEAR 20</u>	<u>YEAR 20</u>	<u>YEAR 20</u>
NET INCOME	\$ _____	\$ _____	\$ _____
PROJECTED INCOME	\$ _____	\$ _____	\$ _____

2. WHAT IS THE TOTAL COST OF THE PROJECT FOR WHICH FUNDING IS SOUGHT? \$ \_\_\_\_\_<sup>1</sup>

HOW DO YOU PROPOSE TO FINANCE THE PROJECT?

	<b>AMOUNT</b>	<b>TERM</b>
COMMERCIAL BANK		
NAME OF BANK, LOAN OFFICER AND PHONE # TO WHICH APPLICATION WAS MADE (WHETHER OR NOT APPROVED) <sup>2</sup>		
_____	_____	_____
_____	_____	_____
OWNER EQUITY <sup>3</sup>	_____	_____
_____	_____	_____
RLF	_____	_____
_____	_____	_____
OTHER (IDENTIFY) _____	_____	_____
_____	_____	_____
TOTAL PROJECT FUNDING <sup>1</sup>	_____	_____
_____	_____	_____

<sup>1</sup>THESE NUMBERS MUST AGREE

<sup>2</sup>TURNDOWN LETTER FROM THE BANK FOR ALL OR A PORTION OF THE PROJECT FUNDS NEEDED MUST BE PROVIDED AT TIME OF APPLICATION

<sup>3</sup>YOU WILL BE REQUIRED TO FURNISH PROOF OF INJECTION INTO THE PROJECT

**ULTIMATE RECIPIENT CERTIFICATIONS**

ULTIMATE RECIPIENT:

\_\_\_\_\_

LOAN AMOUNT:

\_\_\_\_\_

The undersigned is unable to finance the proposed loan from their own resources or through commercial credit or other federal, state or local programs at reasonable rates and terms.

The undersigned certifies that at least 51% of its membership/ownership is by those who are citizens of the United States **or** reside in the United States after legally admitted for permanent residence.

The undersigned certifies that it or its principal officers (including immediate family) hold the following legal or financial interest or influence in the City of Longview (if none, please state):

By: \_\_\_\_\_

Date: \_\_\_\_\_

**CREDIT REPORT**

Your signature below indicates an understanding that a report of your credit history may be requested from the Washington Credit Bureau or other credit reporting company and that a determination as to whether or not credit will be offered may be based on the results of such a credit report.

*CERTIFICATION STATEMENTS*

I/we hereby certify under penalty of perjury that to the best of my/our knowledge and belief:

1. The information contained in this application and attachments hereto are true and correct in all material respects and do not omit to state a material fact necessary to make the information herein not misleading.
  
2. I am/we are the only owner(s)/principal(s) of the applicant herein; that this application is submitted to the City of Longview for the purpose of obtaining funds through the Revolving Loan Fund and that none of the undersigned has been debarred or suspended, is ineligible, or has been voluntarily excluded from a transaction covered by 15 cfr 26.215, 26.220, and/or 26.625. I/we further understand that if, subsequent to executing any loan documents in connection with the requested loan, the U.S. Department of Commerce, Economic Development Administration, and/or the Cowlitz-Wahkiakum Council of Governments, and/or City of Longview should determine that any such debarment or suspension has taken place prior to the execution of this certificate, any and all amounts due under the terms of the loan documents shall become immediately due and payable in full, without notice.

**ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW**

BY: _____	BY: _____
TITLE: _____	TITLE: _____
DATE: _____	DATE: _____

The following information is requested by the Federal Government, in order to monitor compliance with equal credit opportunity. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may neither discriminate based on this information, nor on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations this Lender is required to note race and sex based on visual observation or surname.

**RACE/ETHNIC ORIGIN and VETERAN STATUS**

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Native American                           | <input type="checkbox"/> Native Alaskan     | <input type="checkbox"/> African American |
| <input type="checkbox"/> Asian                                     | <input type="checkbox"/> Hispanic or Latino | <input type="checkbox"/> Caucasian        |
| <input type="checkbox"/> Native Hawaiian or Other Pacific Islander |   | <input type="checkbox"/> Other (specify)  |

- |                     |                              |                             |
|---------------------|------------------------------|-----------------------------|
| Veteran             | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Vietnam Era Veteran | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Disabled            | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Male  Female head of household   
Female  Disabled

**I do not wish to furnish this information**

## Appendix B

Longview Revolving Loan Fund  
Job Reporting Form

Firm: \_\_\_\_\_  
 Representative: \_\_\_\_\_  
 Reporting Year: \_\_\_\_\_

Hours per standard work week	Average Pay Full Time Workers	Number of Full time Jobs / Workers

Average Pay Part Time Workers	Number of part time jobs / workers	Average hours per week (part time job / workers)	Part time estimated FTE for full year	Benefits provided?	
				Full time	Part time

Form Completed by:

By signing below, you certify by penalty of law, based on information and belief formed after reasonable inquiry, the statements and information contained in this report and any attachments are true, accurate and complete.

Signature \_\_\_\_\_

Date \_\_\_\_\_

Return to CWCOC, Administration Annex, 207 4<sup>th</sup> Ave North, Kelso, WA 98626 or to [bfashing@cwccog.org](mailto:bfashing@cwccog.org).

## Appendix C

**Longview Revolving Loan Fund  
Loan Request Summary**

Date:

BORROWER NAME:

ADDRESS:

NACIS CODE:

EDA LOAN AMOUNT:

TOTAL LOAN AMOUNT:

INTEREST RATE: .....

TYPE OF LOAN:

REPAYMENT TERMS:

MONTHLY PAYMENT AMOUNT: .....

PURPOSE / USE OF FUNDS:

Working Capital:	\$
Inventory:	\$
Equipment:	\$
Lease Hold Imp.	\$
Total	\$

GUARANTORS:

OTHER FUNDING:

COLLATERAL:

JOBS CREATED AND / OR SAVED:

First year:

Second year:

Third year:

TYPE OF BUSINESS:

MARKET AREA:

COMPETITION:

PRODUCT:

PRIMARY SOURCE OF REPAYMENT:

SECONDARY SOURCE OF REPAYMENT:

FINANCIAL INFORMATION IN GENERAL:

PRO-FORMA FINANCIAL INFORMATION:

INCOME STATEMENT – See Attached - Back two pages (Nos 8 & 9) of Business Plan

	Total Sales	Gross Profits	Earnings B4 Interest	Net Income
Year #1	\$	\$	\$	\$
Year #2	\$	\$	\$	\$
Year #3	\$	\$	\$	\$

BALANCE SHEET - See Attached

	Cash	Current Assets	Total Assets	Notes Payable	Total Liabilities	Owner's Equity
Beg.	\$	\$	\$	\$	\$	\$
Year #1	\$	\$	\$	\$	\$	\$
Year #2	\$	\$	\$	\$	\$	\$
Year #3	\$	\$	\$	\$	\$	\$

CASH FLOW:

See - Cash Flow (36 Months) projections Attached

A brief recap of the Cash Flow Projections is as follows:

Beginning Cash: \$

	Cash Sales	Other Income	Loan Proceeds	Cash Available	Cash Paid Out	Cash E.O.M.
Year #1	\$	\$	\$	\$	\$	\$
Year #2	\$	\$	\$	\$	\$	\$
Year #3	\$	\$	\$	\$	\$	\$

BACKGROUND:

OWNERSHIP / MANAGEMENT: The members of the LLC are:

External Resources / Support:

Attorney:

Accountant:

Bank:

## Appendix D

**LONGVIEW REVOLVING LOAN FUND  
BORROWER SELF-CERTIFICATION  
FOR ENVIRONMENTAL COMPLIANCE**

In accordance with 13 CFR § 307.10 and parts 302 and 314, for the Longview Revolving Loan fund Loan Advisory Board the borrower \_\_\_\_\_, hereby certifies that the borrow has completed all required environmental permits and will operate in accordance with all such permits and other applicable requirements including:

1. 13 CFR § 307, 13 CFR § 302, and 13 CFR § 314;
2. Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. 2000d-1) and 49 CFR part 21;
3. 49 U.S.C. 5332, prohibiting discrimination on the basis of race, color, creed, national origin, sex, or age in employment or business opportunity;
4. 23 CFR Part 230, regarding the implementation of an equal employment opportunity program on Federal and Federal-aid highway construction contracts;
5. The provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 et seq.) and 49 CFR parts 27, 37, 38, and 28 CFR Part 35;
6. The Older Americans Act, as amended (42 U.S.C. 6101), prohibiting discrimination on the basis of age in programs or activities receiving Federal financial assistance;
7. Section 324 of title 23 U.S.C. regarding the prohibition of discrimination based on gender; and
8. Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and 49 CFR part 27 regarding discrimination against individuals with disabilities.
9. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200).

**Borrower**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

*This document was prepared using Federal Funds*

Longview Revolving Loan Fund

For additional information:

City of Longview

Kurt Sacha

City Manager

360-442-5004

Cowlitz Wahkiakum Council of Government

Bill Fashing

Executive Director

360-577-3041

An electronic version of this document is available at [www.cwcog.org](http://www.cwcog.org)