

## **Small Business Economic Development Revolving Loan Fund**

AS 44.88.400 – AS 44.88.430

3AAC 99.800 – 3AAC 99.820

### **Purpose**

To provide private sector employment by financing the start-up and expansion of businesses that will create significant long-term employment.

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### GENERAL REQUIREMENTS

- Companies must be a small business as defined by the Small Business Administration (SBA). The SBA definition includes thresholds for number of employees, net worth and annual net income. Generally, a business must have fewer than 500 employees, have a net worth under \$6 million and have an average net income after Federal taxes for the preceding two years less than \$2 million to qualify.
- Applicants are required to match loan funds with cash or other private, non-public financing. This private match must be one and one half the loan amount requested.
- Costs incurred prior to receipt of the loan application by the Division may not be used to meet the private, non-public match requirement.
- Loans may not be made if a bank is willing to finance the entire project. Applicants must supply a turn down letter from a lender listing the reason(s) for denial. If a bank is willing to finance a portion of the project to be used as a match for a loan under this program, applicants must supply a letter from the bank explaining the reasons the bank is unable to finance the entire project.
- Loans may not be made to applicants that have been debarred or suspended from receiving federal benefits.
- Loans must result in the creation or retention of jobs that would be lost in eligible areas.

### ELIGIBLE AREAS

Eligibility for the SBED program includes all communities in the state of Alaska with a population of less than 30,000. Loans in communities of 30,000 or more are available on a limited basis, depending on funds availability. To check on funds availability, please contact the Juneau office.

“Eligible areas include the land granted to Native Alaskans that remains in the ownership of the Village Corporations, the twelve Alaskan Regional Corporations and the traditional Alaskan Native Villages. These terms are defined under the Alaska Native Claims Settlement Act, as amended, and 13 CFR 301.2.”

## **FUNDING**

- Funding is limited. Applicants are encouraged to call and discuss availability of funds prior to submitting a loan application.

## **TERMS AND CONDITIONS**

- Maximum loan amount is \$300,000.
- Interest rate is fixed at the time of approval; generally below 6% (contact us for current rate).
- Maximum term of 20 years for fixed asset loans and 5 years for working capital loans. Term may not exceed the term of any associated private sector loans.
- All loans must be adequately secured. The loan amount may not exceed 90% of the value of the collateral offered.
- Loans may be in a subordinate position to associated private sector loans.
- All assets purchased with loan proceeds must be offered as collateral for the loan.
- Personal guarantees are required of all persons holding 20% or more ownership interest in the business receiving the loan.

## **FEES**

- A \$200 application fee must accompany all applications. This fee will be credited toward the origination fee due if the application is approved.
- A 1% origination fee (\$100 minimum) is due at the time that the loan is closed.
- Applicants will be responsible for all closing costs.

## **FEDERAL REQUIREMENTS**

The following federal requirements apply to all loans made under this program. A violation of any of these requirements will be cause for default on the loan. All projects and borrowers must:

1. Comply with Title VI of the Civil Rights Act of 1964 whereby no person in the United States shall be on the basis of race, color, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to

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discrimination under the program by which the Borrower receives federal financial assistance and will immediately take any measures necessary to effectuate this agreement.

2. Comply with Title VI of the Civil Rights Act of 1964 (42 USC 2000d) prohibiting employment discrimination where:
  - A. The primary purpose of the financial assistance is to provide employment;  
or
  - B. discriminatory employment practices will result in unequal treatment of persons who are or should be benefiting from the loan-aided activities.
3. Comply with Section 112 of Public Law 92-65 and Title III of Public Law 94-135 whereby the Borrower assures that no person in the United States shall be, on the basis of sex or of age, discriminated against in connection with loan-aided activities.
4. Comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and the implementing regulations of the Department of Commerce, Community and Economic Development in 15 CFR 8b, prohibiting discrimination against and providing fair and equitable treatment of the handicapped under programs or activities receiving federal financial assistance; and such other civil rights legislation as is applicable.
5. Comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-284, 87 Stat. 975, approved December 31, 1976. Section 102(a) requires, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect federal assistance.
6. Comply through the Lender with Section 106 of the National Historic Preservation Act of 1966 as amended (16 USC 470), Executive Order 11593, and the Archeological and Historic Preservation Act of 1966 (16 USC 469a-1 et seq.) By:
  - A. Consulting with the State's Historic Preservation Officer on the conduct investigation, as necessary to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800.8) by activity, and notifying the Lender of the existence of any such properties; and by
  - B. Complying with all requirements by the Lender to avoid or mitigate adverse effects.

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7. Comply with Section 2 of the Public Works and Economic Development Act which states that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources than by merely transferring jobs from one labor area to another.
8. Assure that the business financed is not/will not be moved outside of the project area, also that the loan funds are not used for relocating jobs from another commuting area.
9. Assure that any building or facility financed in whole or in part by any funds provided under the program will be designed, constructed or altered so as to assure ready access to and use of such building or facility by the physically handicapped, pursuant to Public Law 90-480, as amended (42 U.S.C. 4151, et seq), and the regulations issued there under. This provision applies only to firms which deal directly with the general public in the normal and usual course of their business, and to facilities in which business is customarily transacted by and with members of the general public.
10. Ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the project are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify Lender of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.
11. Comply with all requirements imposed by the federal sponsoring agency concerning special requirements of law, program requirements, and other administrative requirements.
12. Comply with the Davis Bacon Act, as amended (40 USC 276a-276a-5).
13. Assure that funding approved for this project is not replacing funding available through other sources.
14. Comply with the Contract Work hours and Safety Standards Act, as amended (40 U.S.C. 327-333) and with the Anti-Kickback Acts, as amended (40 U.S.C. 276 9c); 18 U.S.C. 874).















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<b>FINANCIAL STATEMENT (INDIVIDUAL)</b>				
Name (Last, First, M.I.)		Social Security Number:	Date:	
Mailing Address (Street/PO Box)		City:	State:	Zip Code
The undersigned makes the following statement of financial condition as of _____ day of _____, 20__.				
ASSETS		LIABILITIES		
			Monthly Payments	Balance Owing
Cash in Bank	\$	Real Estate (Schedule 3)	\$	\$
Cash on Hand		Notes Payable (Schedule 4)		
Notes/Accounts Receivable (Schedule 1)		Accounts Payable		
U.S. Bonds or Notes		Other Liabilities		
Mortgages & Contracts (Schedule 1)				
Securities (Schedule 2)				
Value of Real Estate Owned (Schedule 3)				
Automobiles		Credit Cards		
Personal Property				
Other Assets (Itemize)				
		Total Monthly Payments	\$	\$
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>TOTAL LIABILITIES</b>		<b>\$</b>
<b>CONTINGENT LIABILITIES</b>				
<input type="checkbox"/>	Yes	Are you a co-maker, endorser, or guarantor on any loan or contract?	If "yes," to whom?	Amount \$
<input type="checkbox"/>	No			
<input type="checkbox"/>	Yes	Are there any unsatisfied judgments or collections against you?	If "yes," attach letter of explanation.	Amount \$
<input type="checkbox"/>	No			
<input type="checkbox"/>	Yes	Have you filed for bankruptcy in the last 14 years?	If "yes," attach letter of explanation.	Year
<input type="checkbox"/>	No			
Personal Living Expenses and Other Obligations (Child Support, Alimony, etc.)			Amount	
			\$	
			\$	
			\$	
			\$	

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**FINANCIAL STATEMENT (INDIVIDUAL)  
 SCHEDULES 1- 4**

**SCHEDULE NO. 1: NOTES RECEIVABLE/ACCOUNTS RECEIVABLE, MORTGAGES & CONTRACTS OWNED**

Description	Name of Debtor	Original Balance	Present Balance	Monthly Payment	Amount Past Due

**SCHEDULE NO. 2: SECURITIES**

# of Shares	Description	To Whom Pledged	Market Value	Cost	Income Received Last Year

**SCHEDULE NO. 3: REAL ESTATE OWNED**

Description & Location (Street, City, State)	Date Acquired	Cost	Current Assessed Value	Mortgages					
				Name & Address of Bank	Current Market Value	Original Balance	Present Balance	Payment Amount	
								Monthly	Annual

Is any real estate being purchased on a contract of sale?  Yes  No If so, which one?

From whom:

**SCHEDULE NO. 4: NOTES PAYABLE (Do Not Include Mortgages Listed in Schedule 3)**

Name & Address of Banks	Collateral	Date Incurred	Original Amount	Present Amount	When Due	Payment Amount	
						Monthly	Annual

Have you ever received a loan from the state?  Yes  No If yes, please complete the following:

Loan Number	Loan Type	Date Received	Paid in Full	
			Yes	No
			Yes	No
			Yes	No
			Yes	No

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<b>FINANCIAL STATEMENT (BUSINESS)</b>				
Name		SSN/EIN:		Date:
Mailing Address (Street/PO Box)		City:	State:	Zip Code:
The undersigned makes the following statement of financial condition as of _____ day of _____, 20__.				
ASSETS		LIABILITIES		
			Monthly Payments	Balance Owing
Cash in Bank	\$	Real Estate (Schedule 3)	\$	\$
Cash on Hand		Notes Payable (Schedule 4)		
Notes/Accounts Receivable (Schedule 1)		Accounts Payable		
Less: Reserve for Bad Debts		Employer Taxes Payable		
U.S. Bonds or Notes		Other Taxes Payable		
Mortgages & Contracts (Schedule 1)		Other Liabilities (Itemize)		
Securities (Schedule 2)				
Value of Real Estate Owned (Schedule 3)				
Machinery, Furniture & Fixtures				
Less: Depreciation				
Prepaid Expenses				
Other Assets (Itemize)				
		Total Monthly Payments	\$	\$
<b>TOTAL ASSETS</b>		<b>TOTAL LIABILITIES</b>		\$
CONTINGENT LIABILITIES				
<input type="checkbox"/>	Yes	Are you a co-maker, endorser, or guarantor on any loan or contract?	If "yes," to whom?	Amount \$
<input type="checkbox"/>	No			
<input type="checkbox"/>	Yes	Are there any unsatisfied judgments or collections against you?	If "yes," attach letter of explanation	Amount \$
<input type="checkbox"/>	No			
<input type="checkbox"/>	Yes	Have you filed for bankruptcy in the last 14 years?	If "yes," attach a letter of explanation	Year
<input type="checkbox"/>	No			
Other Obligations:			Amount	
			\$	
			\$	
			\$	
			\$	
			\$	
			\$	

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**FINANCIAL STATEMENT (BUSINESS)  
 SCHEDULES 1 - 4**

**SCHEDULE NO. 1: NOTES RECEIVABLE/ACCOUNTS RECEIVABLE, MORTGAGES & CONTRACTS OWNED**

Description	Name of Debtor	Original Balance	Present Balance	Monthly Payment	Amount Past Due

**SCHEDULE NO. 2: SECURITIES**

# of Shares	Description	To Whom Pledged	Market Value	Cost	Income Received Last Year

**SCHEDULE NO. 3: REAL ESTATE OWNED**

Description & Location (Street, City, State)	Date Acquired	Cost	Current Assessed Value	Mortgages					
				Name & Address of Bank	Current Market Value	Original Balance	Present Balance	Payment Amount	
								Monthly	Annual

Is any real estate being purchased on a contract of sale?  Yes  No  If so, which one?  
 From whom:

**SCHEDULE NO. 4: NOTES PAYABLE (Do Not Include Mortgages Listed in Schedule 3)**

Name & Address of Bank	Collateral	Date Incurred	Original Amount	Present Amount	When Due	Payment Amount	
						Monthly	Annual

Have you ever received a loan from the state?  Yes  No  If yes, please complete the following:

Loan Number	Loan Type	Date Received	Paid in Full	
			Yes	No
			Yes	No
			Yes	No
			Yes	No

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**COLLATERAL**

All loans must be adequately secured. The loan amount may not exceed 90% of the value of the collateral securing the loan. In many cases the amount loaned may be less than 90% depending on the type of collateral utilized. Please list below the collateral you are offering. You must also indicate the method used to value this collateral and include supporting documentation such as appraisals, assessment notices, opinions of value or invoices, bids or other documentation to support cost valuations.

**EXAMPLE:**

Collateral Description	Value	Maximum Collateral %	Collateral Value	Existing Liens	Adjusted Value
Land	\$50,000.00	85%	\$42,500.00	10,000.00	\$32,500.00
Building	\$100,000.00	85%	\$100,000.00	0	\$85,000.00
Equipment	\$50,000.00	50%	\$50,000.00	0	\$25,000.00
Vessel	\$100,000.00	75%	\$100,000.00	0	\$75,000.00
Total Loan Value			\$292,500.00		\$217,500.00

**List Collateral:**

Collateral Description	Value	Maximum Collateral %	Collateral Value	Existing Liens	Adjust Value
Total Loan Value			\$		\$



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<b>ACTUAL STATEMENT OF PROFIT &amp; LOSS</b>		
Applicant's Name:		SSN/EIN:
For the Period Beginning: (Must be within last 12 months)		And Ending
<b>Gross Receipts:</b>		\$
<b>Cost of Goods Sold:</b>		
Beginning Inventory (If Applicable)	\$	
Add: Purchases		
Less: Ending Inventory		
<b>Total Cost of Goods Sold</b>		(-)
<b>GROSS PROFIT:</b>		\$
<b>OPERATING EXPENSES:</b>		
Proprietor's or Officer's Salary	\$	
Salaries to Employees	\$	
Employee Expenses	\$	
Payroll Taxes	\$	
Fuel	\$	
Electricity	\$	
Telephone	\$	
Automobile Expenses	\$	
Rent or Lease Payment	\$	
Office Supplies	\$	
Maintenance & Repairs	\$	
Dues & Subscriptions	\$	
Travel Expenses	\$	
Entertainment	\$	
Professional Services	\$	
Taxes & Licenses	\$	
Insurance	\$	
Advertising & Promotion	\$	
Bad Debts	\$	
Other	\$	
	\$	
	\$	
	\$	
	\$	
<b>Total Operating Expenses</b>		(-)
<b>OPERATING INCOME</b>		\$
<b>OTHER EXPENSES:</b>		
Depreciation	\$	
Interest	\$	
<b>Total Other Expenses</b>		(-)
<b>OTHER INCOME:</b>		
	\$	
	\$	
	\$	
<b>Total Other Income</b>		(+)
<b>TOTAL NET INCOME</b>		\$

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Estimate all income and expenses for the 12 month period after receiving loan

<b>PROJECTED STATEMENT OF PROFIT &amp; LOSS</b>		
Applicant's Name:		SSN/EIN:
For the Period Beginning:		And Ending
<b>Gross Receipts:</b>		\$
Cost of Goods Sold:		
Beginning Inventory (If Applicable)	\$	
Add: Purchases		
Less: Ending Inventory		
Total Cost of Goods Sold		(-)
<b>GROSS PROFIT:</b>		\$
<b>OPERATING EXPENSES:</b>		
Proprietor's or Officer's Salary	\$	
Salaries to Employees	\$	
Employee Expenses	\$	
Payroll Taxes	\$	
Fuel	\$	
Electricity	\$	
Telephone	\$	
Automobile Expenses	\$	
Rent or Lease Payment	\$	
Office Supplies	\$	
Maintenance & Repairs	\$	
Dues & Subscriptions	\$	
Travel Expenses	\$	
Entertainment	\$	
Professional Services	\$	
Taxes & Licenses	\$	
Insurance	\$	
Advertising & Promotion	\$	
Bad Debts	\$	
Other	\$	
	\$	
	\$	
Total Operating Expenses		(-)
<b>OPERATING INCOME</b>		\$
<b>OTHER EXPENSES:</b>		
Depreciation	\$	
Interest	\$	
Total Other Expenses		(-)
<b>OTHER INCOME:</b>		
	\$	
	\$	
	\$	
Total Other Income		(+)
<b>TOTAL NET INCOME</b>		\$

**EXPLAIN HOW YOU MADE THE ABOVE PROJECTIONS ON THE NEXT PAGE**



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**AUTHORIZATION TO OBTAIN CREDIT AND/OR RELEASE INFORMATION**

I authorize the Division of Economic Development to obtain information from, or release any information contained in my loan application and attachments to the following agencies:

- U.S. Department of Labor
- U.S. National Marine Fisheries Service
- U.S. Coast Guard
- Alaska Department of Fish and Game
- Alaska Commercial Fisheries Entry Commission
- Alaska Child Support Enforcement Division
- Alaska Department of Transportation and Public Facilities
- Alaska Permanent Fund Dividend Division
- Alaska Department of Public Safety
- Alaska Post Secondary Education
- Alaska Division of Motor Vehicles

I further authorize any individual or institution to release credit information concerning me to the Division of Economic Development. This authorization is given to enable the Division of Economic Development to evaluate my loan request. Verification may be obtained from any source named in this application and from any credit-reporting agency. I understand additional information may be requested as part of the quality control program at any time during the lending process.

It is understood that a photocopy of this form will serve as authorization.

Applicant's Signature:	Co-Applicant Signature:
Please Print Name:	Please Print Name:
Social Security Number:	Social Security Number
Date:	Date:

