



City of Martinsville Revolving Program

PROGRAM DESCRIPTION

The City of Martinsville has budgeted \$75,000 in CDBG grant funding to create a revolving loan fund. The purpose of the Revolving Loan Fund program is to provide low interest, fixed asset financing to existing or new commercial businesses that locate to or expand in the project area and which result in the creation of or retention of jobs with at least 51% of those jobs held by, or made available to, low to moderate income (LMI) persons. Recaptured funds will be used to make additional loans.

STAFFING AND RESPONSIBILITIES

The Revolving Loan Fund will be administered by the Revolving Loan Fund Advisory Board. The City of Martinsville has established and appointed the Revolving Loan Fund Advisory Board, consisting of local citizens and public officials, to provide management and oversight including the review and approval of all loan applications, and determination of interest rate.

LOAN POLICIES

AREA OF OPERATION

The Revolving Loan Fund program will operate within the boundaries of the designated project area of the Community Development Block Grant, known as the Uptown Martinsville Business District. After final closeout of the grant by the Department of Housing and Community Development (DHCD), the Advisory Board will expand the boundaries to include businesses outside of the initial grant area to utilize recaptured capital from the program.

TYPE OF FINANCING & INTEREST RATE

The type of financing is fixed asset financing. The interest rate will be set by the Revolving Loan Fund Advisory board at the time of closing. The interest rate can be set at any rate between 0% and 1 point below the prime rate. It is anticipated that most loans will be at the 3% rate.

TERMS

The terms of the loan cannot exceed fifteen (15) years. Scheduled amortization shall not exceed (15) fifteen years. The borrower must have an equity interest in the business or building and provide adequate marketable collateral to secure the loan. Collateral may include first or second lien positions or a deed of trust on assets financed. At the discretion of the Revolving Loan Fund Advisory Board, other forms of marketable collateral (including marketable stocks or bonds, US Government securities, letters of credit) may be considered if the value of the marketable collateral is sufficient to protect the interest of the City of Martinsville and the State of Virginia throughout the term of the loan. The loan must be repaid on a monthly basis over the fifteen-year term. There is no prepayment penalty.

One fulltime-equivalent (FTE) job must be or created or retained for every \$10,000 loaned with at least 51% of those jobs filled by LMI individuals. This may include the loan applicant. Jobs must be created and filled before final administrative closeout of the program by DHCD. Part time employees may be counted as one-half of a FTE and qualified as a LMI based upon household income.

The borrower of program funds is required to execute a legally binding agreement with the City of Martinsville. The Revolving Loan Fund Advisory board will require the borrower to provide appropriate assurances that the loan proceeds are expended as proposed.

The owner of a building may apply for a loan under this program and assume responsibility for the amount of jobs created within the program period. If at the end of the initial program period, actual number and type of jobs does not meet those required under the terms of the loan, then the building owner must immediately refund the amount of the loan, or the outstanding balance, not covered by qualified jobs.

AMOUNT

The minimum loan amount is \$10,000 and the maximum loan amount is \$75,000 per individual business. A building owner may apply for a loan for each business or projected business within its building. There is no maximum amount a building owner may qualify for, but the advisory board must review the loan application to ensure that the jobs being created are realistic.

USES

The allowable uses of funds that are received from the Revolving Loan Fund are for building and land acquisition, leasehold and site improvements, new construction and

rehabilitation costs, purchase of fixtures, machinery, and equipment and associated installation costs.

ELIGIBILITY REQUIREMENTS

Any new commercial business or building owner that locates in the project area or an existing commercial business or building owner that is located in or expanding in the project area, and which meets the following eligibility requirements may apply for a loan through the Revolving Loan Fund.

The Eligibility Requirements for the Revolving Loan Fund include:

1. Provide proof that the business or building is located and has a permanent physical address in the project area. Provide proof that it is not the borrower's place of residence.
2. Provide proof of collateral. Assets used as collateral may include cash, land, buildings, or equipment. Proof of hazard insurance in sufficient amount to protect the collateralized asset may be required.
3. Provide proof of equity interest in business or building.
4. Provide a business plan.
5. Demonstrate that one full-time equivalent job will be created or retained for every \$10,000 borrowed from the Revolving Loan Fund.
6. Provide verification of employment of LMI individual(s). The Virginia Employment Commission or an authorized organization will screen, qualify and record all job applicants for this program.
7. Provide self-certified, household income eligibility documentation of employee(s) for LMI classification.
 - a. An LMI employee's gross family income for the previous year cannot exceed 80% of the area median income by family size as issued annually by the U.S. Department of Housing & Urban development (HUD). The maximum income limits are revised annually as income levels are released by HUD.
 - b. For the purpose of this Revolving Loan Fund program, annual income is as all income from any source during the 12-month period prior to the employment date.

COSTS & FEES

Application, credit report costs, origination fees, and closing cost will be charged to the borrower. Applicants are responsible for loan closing cost and settlement fees.

NON-DISCRIMINATION

In the Revolving Loan Fund program there will be no discrimination on basis of race, color, religion, national origin, sex (including sexual orientation), marital status, disability, or age in any of its policies, procedures or practices.

APPLICATION PROCESS AND DOCUMENTATION

The City of Martinsville will accept applications from eligible businesses or building owners on a first-come, first-served basis. At the City's discretion, submission of applications for assistance may be limited to certain windows of time (rounds of funding). The Revolving Loan Fund program will apply all procedures in a uniform manner. No applicant will be asked for additional information based on age, race, color, religion, sex (including sexual orientation), handicap, familial status or national origin. The program will be implemented to assure consistent and equitable assistance to all program participants.

Completed applications and required documentations will be reviewed by the Revolving Loan Fund Advisory Board. Following approval of the loan application by the Revolving Loan Fund Advisory Board, the Board will make a recommendation to prepare the necessary loan contract documents.

All applications must be submitted with complete documentation of eligibility. Applications must be made on the form provided by the City of Martinsville and must be signed by all the business owners. The application submission must include the following items in order to be considered for financial assistance. The revolving loan Fund Advisory Board may waive or request additional information requirements at its discretion.

Information That May be Required from Applicants:

1. Completed and signed application
 - a. Loan Request Worksheet
 - b. Personal Financial Statements
 - c. Credit Authorization Form
 - d. Tax Returns (two fiscal years)
 - e. Balance Sheet, Profit & Loss Statement, (AP & AR for current 90 day period)

- f. Disclosure Statement(s)
 - g. Business lease / deed
2. Current three-year business plan and management resumes
 3. Current eighteen month financial projections (including P & L, cash flow, owner compensation)
 4. Personal credit report (as appropriate)
 5. Three business references
 6. Copy of collateral offered & current market value (title, deed, security paper, etc)
 7. Statement indicating what the loan will be used for.

PROGRAM INCOME

Any Revolving Loan Funds repaid or recaptured during implementation of this Revolving Loan Fund program will be used to recapitalize and extend the Revolving Loan Fund Program. Repaid or recaptured CDBG funds will be returned to the revolving Loan Fund pool for additional loans to stimulate investment in businesses in order to help create and retain jobs in the community.

COMPLAINTS AND APPEALS

Verbal complaints of any nature and by any party shall be documented and resolved by the City of Martinsville as informally and quickly as possible.

Written complaints received by the City of Martinsville will be resolved and documented in consultation with the Revolving Loan Fund Advisory board. The person making the complaint will be notified in writing of the decision. All written complaints will be addressed within fifteen (15) days of receipt and resolved within thirty (30) days, and documentation retained for review. Barring a resolution of the complaint by the Board, the complaint may be taken to the City Council where a non – legal resolution is final. The final appeal will be addressed in writing to the Virginia department of Housing and Community Development. Beyond this step, the complainant may seek a legal remedy in the local court of jurisdiction at the complainant’s own cost.

RECORDKEEPING

The staff of the Revolving Loan Fund Advisory Board will be responsible for keeping the minutes of its meetings. The minutes will be archived in the City of Martinsville’s Community Development office. The Board will be responsible for tracking the information as required to ensure compliance with CDBG program requirements including data on the businesses submitting applications, businesses approved for

financing, LMI beneficiary data, loan servicing and accounting records. Documentation that loan proceeds are expended as proposed will be provided through source documentation (such as invoices, construction contracts, etc.).

All documentation will be kept on file at a secure location as required to ensure confidentiality of applicant information.

PROGRAM DESIGN AMENDMENTS

During the implementation of the Revolving Loan Fund Program, the City of Martinsville may find it necessary to make minor changes and refinements as the program proceeds. If a major alteration is deemed necessary to better achieve the intent of the program, the revolving Loan Fund Advisory board will adopt the changes upon approval of the proposed change by the city manager and Virginia department of Housing and Community Development.



City of Martinsville Low-Cost Loan Program

The purpose of the City of Martinsville Revolving Loan Program is to encourage small business development among the City of Martinsville's businesses that cannot initially access funds through traditional lenders. An applicant's credit, cash available, and collateral are the criteria considered for loan approval. Loan decisions will be made by the City of Martinsville Loan Committee, which meets as necessary.

To be eligible for a loan from this program, the applicant must meet the following requirements:

- The business must be located (taxable) in the City of Martinsville's CDBG Project Area. Location in the City does not guarantee loan approval.
- Selection guidelines for admission to the program require the following:
 - Completed and signed application
 - Current three-year business plan
 - Current eighteen-month (18-month) financial projections
 - Current financial statement
 - Personal credit report
 - Three (3) business references
- The applicant must have completed the Self-Employment Training program or provide proof of equivalent experience or completion of a similar course approved by the City of Martinsville. The two-hour classes are conducted two nights a week for 2 weeks and the cost is \$20.00. Taking the class does not guarantee loan approval.
- The applicant must show evidence of an equity contribution to his/her business. "Sweat equity" will be recognized as legitimate contributed equity.
- The applicant must prepare a loan application and appear before the Loan Committee to have the proposed loan reviewed. The Loan Committee will also use the tenant application materials listed above in the loan review process.
- The loan applicant shall be responsible for the cost of any applicable credit reports or filings. Loan amounts will not exceed available funds in the loan pool.

Loan Terms

The following terms will apply to all funds distributed from this loan program:

- Loans will be for \$10,000 maximum per each full-time job created – available to Low/Moderate Income applicants, as funds are available.

- The interest rate will be fixed.
- The term of the loan shall be 12 to 36 months, depending on the amount of the loan.
- The loan funds must be used for business operations and cannot be used for repayment of prior debt (debt consolidation).
- The loan funds may be used in conjunction with other loans but not as collateral for such loans. This loan cannot be subordinated.
- Whenever possible, the loan will be collateralized by the assets of the business or of the business owner.
- The loan funds must be used to promote a legitimate business and shall not be used in any generally defined “illegal” business or pyramid sales plan.
- The borrower will provide monthly financial reports for review by the Loan Committee.

City of Martinsville Low-cost Loan Fund

CHECKLIST OF ITEMS NEEDED FOR LOAN APPLICATION PACKAGE

- 1) Business Information (form attached).
- 2) Loan Request Worksheet (form attached).
 - a. For asset purchases, include sales contract, invoice, purchase order, bid or quote, as appropriate.
 - b. For contract or purchase order financing, include copies of specific contracts and/or purchase orders.
 - c. For debt restructure, include most recent loan statements/bills and a copy of the original note and/or credit agreement.
- 3) Business Debt Schedule (form attached)
- 4) History and Description of the Business.
 - a. This information should be prepared by the applicant and should be approximately one to two pages in length. Include how and when the business was started, describe any ownership changes, discuss the business’s key products and services as well as its customer base and geographical market.
 - b. Explain how the financing requested will benefit your business’ growth.
 - c. Attach any marketing materials or brochures that your business may use. Attach letters of recommendation or appreciation from customers and clients.
- 5) Disclosures Required (form attached).
- 6) Current Personal Financial Statements for all proprietors, partners, officers, and stockholders owning 20% or more of the business. (Form attached – please make

- copies as needed for each individual). If your loan will be guaranteed by someone else not involved in the business, include this form for each guarantor.
- 7) Credit Authorization Form. This form should be completed by all proposed loan guarantors and business owners. (Please make copies as needed for each individual).
 - 8) Management Resumes. This information should be provided by the applicant for all business owners and key managers. If a self-prepared resume is not available, please complete the sample form included in this package.
 - 9) Statement of Personal History. (form attached). This document should be completed by each business owner and guarantor.
 - 10) Business Financial Information. We need complete copies of your business tax returns for the most recent three fiscal years. If you have year-end CPA prepared financial statements, we also need complete copies of the last three (3) year's reports (including summary notes).
 - a. We also need a current business Balance Sheet, Profit and Loss Statement, and Aging Reports of Receivables and Payables. These should be no older than 90 days from the date of your application.
 - 11) Personal Financial Information. We need complete copies of the individual tax returns for the past three years for each owner and guarantor.
 - 12) **FOR ALL BUSINESS STARTUPS:** Comprehensive Business Plans must be included. The plan must also contain projections, both profit and loss cash flow, for 3 years with supporting assumptions. First year of projections should be broken down monthly, with the remaining 2 years shown as totals. Make sure that the projections have a line item for Owner(s)' Compensation.
 - 13) If your business or any of its owners also have a controlling interest in other business entities, those entities are considered affiliates. Please provide copies of interim and latest year-end financial statements and tax returns for the affiliates.
 - 14) Business License(s), Certifications, Designations. Please provide photocopies of these items, as applicable.
 - 15) Business Lease. Please provide a photocopy of your existing business location's lease, if applicable.
 - 16) Entity Documents.
 - a. For Corporations: Include a copy of your Certificate and/or Articles of Incorporation.
 - b. For Partnerships: Include a copy of your Partnership Agreement.
 - c. For LLCs: Include a copy of your Certificate and/or Articles of Organization

d. For Businesses using a Trade Name/DBA: Include a copy of your Fictitious Business Name Registration.

17) Collateral Information. On a separate sheet, please provide a complete listing of your current business fixed assets, to include a description (with make, model, and serial number as appropriate) and current market values. These assets may include Machinery & Equipment, Vehicles, Furniture & Fixtures, and Real Estate.

For any other collateral offered (such as personal assets), please include complete description of asset, who owns it, a copy of the title or deed as appropriate, and a validation of current market value.

Business Information Form

Legal Name of Business: _____

Registered "Trading As" or "Doing Business As" Name: _____

Street Address of Business: _____

City: _____ County: _____ State: _____

Zip: _____

Phone: () _____ Fax: () _____

Email: _____

Date Business was Established: _____

Date Current Ownership Established*: _____

*if applicant is not the original owner

Legal Structure: (Please check)

____ Corporation ____ Limited Liability Company ____ Partnership

____ Sole Proprietorship ____ Other (please describe)

Description of Business Products and/or Services Provided: _____

Owner/Principal Information: Please list all business owners and/or officers. Attach additional sheet, if necessary.

	Name	Title	Ownership %
1)	_____	_____	_____
2)	_____	_____	_____
3)	_____	_____	_____
4)	_____	_____	_____

Number of Current Employees: _____

New Jobs Created with Loan Proceeds: _____

Business Bank Account Reference (List your company's primary bank):

Bank Name:

Bank Officer Name:

Bank Officer Phone Number:

Average Checking Account Balance (s): \$ _____

Does your business use accounting services for the preparation of tax returns and financial statements? _____ Yes _____ No

If "Yes," please list the name and phone number of your accountant or other financial services provider.

Name: _____

Accounting Firm Name: _____

Phone Number: _____

Do you have a small business advisor or technical assistance provider? _____ Yes _____

No

If "Yes," please list the name and phone number of this advisor.

Name: _____

Firm Name: _____

Phone Number: _____

By signing below, you are authorizing the Loan Committee to make inquiries to the above institutions to obtain credit references or to obtain additional information, if necessary, for your company's financing request.

Business Name:

BY: _____

Signature and Title

Date

LOAN REQUEST WORKSHEET

A) TOTAL FUNDS NEEDED FOR BUSINESS PROJECT: \$ _____

B) BUSINESS AND/OR OWNER(S) CASH CONTRIBUTION \$ _____

C) TOTAL AMOUNT NEEDED TO BORROW: \$ _____

SPECIFIC USES OF LOAN PROCEEDS/PROJECT COSTS:

Land/Building Acquisition \$ _____

List Address:

		\$	\$	%		\$	
		\$	\$	%		\$	
		\$	\$	%		\$	
		\$	\$	%		\$	
		\$	\$	%		\$	
		\$	\$	%		\$	
		\$	\$	%		\$	
		\$	\$	%		\$	
		\$	\$	%		\$	
TOTAL BUSINESS DEBT		\$	\$	%		\$	

**Indicate any debts that have at any time been 29 days or more past due.

LOAN APPLICATION DISCLOSURE FORM

- 1) Do you have any co-signers and/or guarantors for this loan?
Yes _____ No _____. If Yes, please have them complete and return a separate personal financial statement and Credit Authorization Form. Also include their most recent personal tax returns.

- 2) Has your business or any business owner or officer ever been involved in bankruptcy or insolvency proceedings? Yes _____ No _____ If Yes, provide details on a separate sheet.

- 3) Is your business or any business owner or officer involved in any pending lawsuits?
Yes _____ No _____ If Yes, provide details on a separate sheet.

- 4) Does your business or any business owner or officer have any outstanding liens, judgments, collection items, or other derogatory credit issues?
Yes _____ No _____ If Yes, provide details on a separate sheet.

- 5) Do you or your spouse or any member of your household, or anyone who owns, manages, or directs your business or their spouses or members of their households work for the Small Business Administration, Small Business Advisory council, SCORE, or ACE, any Federal Agency, or the participating lender? Yes _____ No _____ If Yes, please provide the name and address of the person and the office where employed on a separate sheet.

- 6) Does your business, its owners, or majority stockholders own or a have a controlling interest in other businesses? Yes _____ No _____ If Yes, please

provide the business name and relationship with your company separate sheet of paper, along with the current balance sheet and operating statement for each other business.

- 7) Do you buy from, sell to, or use the services of any concern in which someone on your company has a significant financial interest? Yes _____ No _____ If Yes, provide details on a separate sheet.
- 8) Is your business a franchise? Yes _____ No _____ If Yes, include a copy of the franchise agreement and a copy of the FTC statement supplied to you by the Franchisor.
- 9) Does your business presently engage in Export Trade? Yes _____ No _____
- 10) Do you have plans to begin exporting as a result of this loan? Yes _____ No _____
- 11) Has your business or any of its owners ever requested or had previous federal government financing? (For example, SBA loans, student loans, FHA mortgages, etc.)
 Yes _____ No _____ If Yes, provide:

Name of Federal Agency (SBA, etc.)

Loan Number

Date of Request _____ Approved _____ Declined _____

Original Amount \$ _____ Outstanding Balance \$ _____

Status _____

- 12) Is your business or any owner delinquent on any type of federal or state taxes (income, payroll, property, etc.)? Yes _____ No _____ If Yes, please explain the details as well as the repayment arrangements made on a separate sheet.

Section 3. Stocks and Bonds (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachments if necessary. Each attachment must be identified as a part of this statement and signed)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name/Address			
Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

Section 5. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment, and if delinquent, describe delinquency.)

Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches).

Section 7. Other Liabilities. (Describe in detail).

Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies – name of insurance company and beneficiaries.)

I authorize lender to make inquiries as necessary to verify the accuracy of the statements made in to determine my creditworthiness. I certify the above and the statements contained on the attachments are true and accurate as of the stated date(s). These statements are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution b the US Attorney General (Reference 1 & U. S. C. 1001)

Print Name: _____

Signature: _____ Date: _____

SSN: _____

Print Name: _____

Signature: _____ Date: _____

SSN: _____

PERSONAL FINANCIAL STATEMENT

US SMALL BUSINESS ADMINISTRATION

As of

Complete this form for (1) each proprietor, or (2) each limited partner who owns 20% or more interest and each general partner, or (3) each stockholder owning 20% or more of voting stake or (4) any other person or entity providing a guaranty on the loan.

Name _____ Business Phone _____

Residence Address _____ Residence Phone _____

City, State, & Zip Code _____

Business Name of Applicant/Borrower _____

Assets	Omit Cents	Liabilities	Omit Cents
Cash on hand & in banks		Accounts Payable \$ _____	
Savings Account		Notes Payable to Banks and Others (Describe in Section 2)	
IRA or Other Retirement		Installment Account (Auto)	
		Mo. Payments \$ _____	
Accounts and Notes Receivable		Installment Account (other)	
Life Insurance – Cash Surrender Value Only (Complete in Section 8)		Mo. Payments \$ _____	
Stocks and Bonds (describe in Section 3)		Loan on Life Insurance	
Real Estate (describe in Section 4)		Mortgage on Real Estate (describe in Section 4)	
Automobile – Present Value		Unpaid Taxes (Describe in Section 6)	
Other Personal Property (describe in Section 5)		Other Liabilities (Describe in Section 7)	
Other Assets (Describe in Section 5)		Total Liabilities	
		Net Worth	
Total		Total	

Section 1. Source of Income

Salary \$ _____

\$ _____

Net Investment Income \$ _____

\$ _____

Real Estate Income \$ _____

\$ _____

Other Income (Describe Below)* \$ _____

\$ _____

Description of Other Income in Section 1.

Contingent Liabilities

As Endorser or Co-Maker

Legal Claims & Judgments

Provisions for Federal Income Tax

Other Special Debt

*Alimony or child support payments need not be disclosed to "Other Income" unless it is desired by to have such payments counted toward income.

Section 2. Notes Payable to Bank and Others. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

Name and Address of Noteholder (s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of

Name _____ SS#

_____ First Middle Last

Date of Birth _____ Place of Birth

Residence Telephone () _____ Business Phone () _____

Residence Address

_____ Street City State Zip
Previous Address

_____ Street City State Zip
Lived at previous address from _____ to _____

_____ Month and Year Month and Year
Year

Spouse's Name _____ SS#

_____ First Middle Last

Date of Birth _____ Place of Birth

Military Service

_____ / _____ / _____
Branch Served from Year to Year

Rank/Job

Work Experience (List chronologically for the past 10 years, beginning with present employment)

Company Name/Location

From _____ To _____ Title

Duties

Company Name/Location

From _____ To _____ Title

Duties

Company Name/Location _____

From _____ To _____ Title _____

Duties _____

Education (List most recent attended first.)

College or Technical Training Name and Location	Dates Attended From – To	Major	Degrees or Certificate

STATEMENT OF PERSONAL HISTORY

Name and address of applicant (Firm Name)
(Street, City, State, and Zip)

1. Personal statement of: (State name in full, if no middle name, state NMN, or initial only, indicate initial). List all former names used, and dates and (known) each name was used. Used separate sheet if necessary.

First Middle Last

4. Give the percentage of ownership or stock owned or to be owned in the small business concern or the Development Company.

_____ %

Social Security Number _____

US Citizen? () Yes () No

If no, give alien registration number _____

(Provide copy of front and back of Green Card or other identification)

Please Read Carefully – Print or Type
Each member of the small business concern or the development company requesting Assistance must submit this form

This form must be filled out and submitted by:

1. If a sole proprietorship by the proprietor
2. If a partnership by each partner
3. If a corporation or a development company, by each officer, director and additionally by each holder of 20% or more of the voting stock.
4. Any other person including a hired manager, who has authority to speak for and commit the borrower in management of the business

1. Name and address of participating lender or surety (when applicable and known)

2. Date of Birth (Month, day and year)

	<p>3. Place of Birth (City and State or Foreign Country)</p> <hr/>
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5. Present residence address: Most recent prior address (omit if over 10 years ago):

From: _____	From: _____
To: _____	To: _____
Address: _____	Address: _____

Home Telephone No: () _____ Business Telephone No: () _____

IT IS AGAINST THE CITY OF MARTINSVILLE’S POLICY TO PROVIDE ASSISTANCE TO PERSONS NOT OF GOOD CHARACTER; THEREFORE, CONSIDERATION IS GIVEN TO A PERSON’S BEHAVIOR, INTREGITY, CANDOR, AND DISPOSITION TOWARD CRIMINAL ACTIONS. IT IS ALSO AGAINST THE CITY OF MARTINSVILLE’S POLICY TO PROVIDE ASSISTANCE NOT IN THE BEST INTEREST OF THE UNITED STATES, FOR EXAMPLE, IF THERE IS REASON TO BELIEVE THE EFFECT OF SUCH ASSISTANCE WILL BE TO ENCOURAGE OR SUPPORT, DIRECTLY OR INDIRECTLY, ACTIVITIES, INIMICAL TO THE SECURITY OF THE OF THE UNITED STATES.

THEREFORE, IT IS IMPORTANT THAT THE NEXT THREE QUESTIONS BE ANSWERED TRUTHFULLY AND COMPLETELY. AN ARREST OR CONVICTION RECORT WILL NOT BE NECESSARILY DISQUALIFY YOU; HOWEVER, AN UNTRUTHFUL ANSWER WILL CAUSE YOUR APPLICATION TO BE DENIED.

IF YOU ANSWER “YES” TO 6, 7, OR 8, FURNISH DETAILS IN A SEPARATE EXHIBIT. INCLUDE DATES, LOCATION, FINES, SENTENCES, WHETHER MISDEMEANOR OR FELONY, DATES OF PAROLE/PROBATION, UNPAID FINES OR PENALTIES, NAME(S) UNDER WHICH CHARGED, AND ANY OTHER PERTINENT INFORMATION.

6. Are you presently under indictment, on parole, or probation?
 () Yes () No (if yes, indicate date parole or probation is to expire).

7. Have you ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation? Include offenses which have been dismissed, discharged, or nolle prosequi. (All arrests and charges must be disclosed and explained on an attached sheet).

() Yes () No

8. Have you ever been convicted, placed on pretrial diversion, or placed on any form of probation, including adjudication withheld pending probation, for any criminal offense other than a minor vehicle violation?

() Yes () No

9. I authorize the City of Martinsville to request criminal record information about me from criminal justice agencies for the purpose of determining any eligibility for programs authorized by the Small business Act, as amended.

CAUTION: Knowingly making a false statement on this form is a violation of Federal Law and could result in a criminal prosecution, significant civil penalties, and a denial of your loan, every bond, or other program participation. A false statement is punishable under (USC 1001 by imprisonment of not more than five years and/or a fine of not more than \$10,000; under 15 USC 645 by imprisonment of no more than 2 years and/or a fine of not more than \$5,000 and if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than twenty years and/or a fine of not more than \$1,000,000.

Name: _____

Signature _____ Title: _____ Date: _____

City of Martinsville
55 West Church Street, Martinsville, VA 24112

PROMISSORY NOTE

Installment Payments of Principal and Interest (Amortized Loan) secured by Corporate Property

For Value Received, _____, the borrower, promises to pay to the order of the City of Martinsville, the noteholder, the principal amount of \$_____, together with the simple interest on the unpaid principal balance from the date of this note until the date this note is paid in full, as the annual rate of _____%.

Payments shall be made at _____

Principal and interest shall be paid in equal installments of \$_____, beginning on _____, 20____, and continuing on _____ until the principal and interest

are paid in full. Each payment on this note shall be applied first to the accrued but unpaid interest and the remainder shall be applied to unpaid principal.

This note may be prepaid by the borrower in whole or in part at any time without penalty.

This note is not assumable without the written consent of the noteholder, which consent shall not be unreasonably withheld. This note is nontransferable by the noteholder.

If any installment payment due under this note is not received by the noteholder within _____ of its due date, the entire amount of unpaid principal and accrued but unpaid interest due under this note, shall, at the option of the noteholder, become immediately due and payable without prior notice from the noteholder to the borrower. In the event of a default, the borrower shall be responsible for the costs of collection, including, in the event of a lawsuit to collect on this note, the noteholder's reasonable attorney fees as determined by a court hearing the lawsuit.

Borrower agrees that until such time as the principal and interest owed under this note are paid in full, the note shall be secured by the following described mortgage, deed of trust, or security agreement:

UCCI

Date of Signing: _____

Company Name:

By: _____ Title:

Address of Borrower:

City or County and State Where Signed:

Signature of Borrower:
