

## WISCONSIN RURAL MANUFACTURING BUILDING LOAN GUARANTEE PROGRAM

The program offers opportunity to rural-based manufacturers in key Wisconsin industries who seek to expand their buildings. Such businesses are often constrained by limited access to debt or equity financing. Debt financing is especially difficult for special-use manufacturing building in rural areas. The program offers state government-backed loan guarantees for building addition, new building, or building enhancement.

### ELIGIBILITY REQUIREMENTS:

Definitions: "Designated Rural County" means a county with a population density of less than 155 residents per square mile as of the 2010 Census.

### ELIGIBLE BUSINESSES:

Eligible businesses may apply for loan guarantee to support funding for eligible projects in the state of Wisconsin. This program would be available to businesses meeting the following criteria:

- For-profit enterprises registered to conduct business in the State of Wisconsin
- Less than 500 full-time employees
- At least 12 months of operating financial history
- Engaged in dairy or food processing and manufacturing

### ELIGIBLE ACTIVITIES:

Program loan guarantees might be used to support the following:

- New building, building addition or improvements
- Long-term leasehold improvements

### INELIGIBLE ACTIVITIES:

Project costs not directly related to project activities would be considered ineligible for these loan guarantees. Examples of ineligible activities could include:

- Working capital
- Making past-due payments
- Mergers and acquisitions
- Refinancing, consolidation, or restructuring of existing debt

### INCENTIVES AND AVAILABLE FUNDING (per FY): \$10,000,000

The incentives in this program are guarantees for loans worth not less than \$500,000 but not to exceed \$2,000,000. This program would guarantee 50% of the collateral gap between the construction cost and appraised value of the building prior to construction.

### EXPECTED OUTCOMES:

Assist no less than five businesses but up to 20 businesses.

### LOAN TERMS

The interest rate for the guaranteed loan will be negotiated between the lender and the applicant and may be either fixed or variable as long as it is a legal rate. Interest rates are subject to WEDC review and approval. The variable interest rate may be adjusted at different intervals during the term of the loan, but the adjustments may not be more often than quarterly. The maximum repayment for loans on real estate will not exceed 30 years.

#### UNDERWRITING AND SECURITY REQUIREMENTS

The proposed operation must have a realistic repayment ability, as determined by WEDC.

The business and its owners must have a good credit history.

At loan closing/project completion, the business must have a tangible balance sheet equity position of 10 percent or more.

Key person life insurance may be required and the amount negotiated. A decreasing term life insurance is acceptable.

#### PERFORMANCE REPORTING:

Recipients would be required to annually submit a performance report documenting job creation, job retention, capital investment, change in taxable property value, as well as any other contract deliverable. WEDC may impose additional reporting requirements to evaluate project performance and to ensure compliance with contract deliverables.

#### APPLICATION AND AWARDS PROCESS:

This program could have a continuous application process. Applicants would work with an Account Manager to complete an application. Completed applications would then be assigned to an underwriter and go through the award review process.