



How To Qualify For A Town of Denton Small Business Loan

- Must be a business located or planning to locate in the Town of Denton.
- Must be a business with a capital need of less than \$35,000 for start up businesses.
- Must have at least tried to receive small business financing through a traditional lending source such as a bank and been turned down due to reasons of credit, collateral etc.
- Must be a start up business owner or existing business owner with a clearly established business idea and business plan.

To apply for a loan through the Town of Denton's program, complete our Loan Application Checklist.



Denton Town Loan Application Checklist

- ___ 1. Complete business plan. (Exhibit A)
- ___ 2. 3-year cash flow projection. (Exhibit C)
- ___ 3. Three (3) Business References (suppliers, customers, attorney, or accountant); (Exhibit D)
- ___ 4. Three (3) Personal References (Character references); (Exhibit E)
- ___ 5. Copy of last three (3) years tax returns: (Exhibit B)
 - ___ • Personal returns are needed if just starting out;
 - ___ • Business and personal returns are needed if already in business;
- ___ 6. Loan Application
- ___ 7. Personal Financial Statement (Exhibit B)
- ___ 8. Seventy-Five Dollars (\$75.00) non-refundable loan application fee.



SMALL BUSINESS LOAN APPLICATION

APPLICANT INFORMATION

Application fee: \$75, non-refundable. This fee **MUST BE PAID** with the application. Please make your check payable to: Town of Denton

Applicant (Business Name)		Federal ID#	
Business Address		Business Phone	
City, State, Zip		Fax #	
Applicant Name(s) (If more than 1 applicant, attach separate sheet with information.)		Drivers License #	State Exp
Residence Address (if different)		Residence Phone	
City, State, Zip	Date of birth	Social Security # of Applicant(s)	
Emergency Contact Person	Phone #	Address	Relationship

REQUEST FOR LOAN Management - Owner and Employees

Amount Requested	Name	Title	Owners %
Term Requested			
Use of Loan Proceeds			
Fixed Assests \$			
Working Capital \$			
Equipment \$			
Other (attach separate sheet if needed) \$			

COLLATERAL

List all collateral that can be used as security for the loan and any other lien holders on each item of collateral. eg-Home, Car, Equipment

Collateral	Value	Lien Holders	Amount Owed	Monthly Payment
	\$		\$	\$
	\$		\$	\$
	\$		\$	\$
	\$		\$	\$

EMPLOYMENT INFORMATION (if more than 2 applicants attach a separate sheet with information)

Your Status	Your Status
Employer Name Phone	Employer Name Phone
Address	Address
Dates Employed Supervisor Name	Dates Employed Supervisor Name
Current Salary	Current Salary

MISC. QUESTIONS

If answering yes to any of these questions, please provide an explanation on a separate sheet and attach.

- Is the business or any of the top management personnel an endorser, guarantor or co-signer for obligations not listed on its/their financial statements? Yes No
- Is the business or any of the top management personnel a party to any claim or lawsuit? Yes No
- Has the business or any of the top management personnel ever declared bankruptcy? Yes No
- Does the business or any of the top management personnel owe any taxes for prior or current years? Yes No
- Have you ever been evicted from a rental residence for non-payment or any other reason? Yes No

6. Have any managers or owners received a felony conviction?
 7. Are you a U.S. Citizen? If no, please provide proof of residency.

Yes No
 Yes No

EXHIBITS

EXHIBIT A: The Business Plan

EXHIBIT B: Signed Personal Financial Statement

1. Personal financial statements for each (20%+) owner as listed previously.
2. Tax returns for the 3 previous years.
3. 2 consecutive pay stubs, if currently working and planning to keep your present position.

EXHIBIT C: Company Financial Statements for the last 3 years (only if in business currently)

(Please provide on a separate sheet and attach.)

1. Balance Sheet - annual
2. Profit and loss statements or income tax returns
3. Last interim financial statement

EXHIBIT D: Business References (eg- Legal, Accountant, Supplier, Customer or Professional Associates)

EXHIBIT E: 3 Personal References (eg- Family, Friends)

EQUAL CREDIT OPPURTUNITY ACT (15 U.S.C. 1691)

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided that the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. 20580.

DISCLOSURE AND CONFIDENTIALITY STATEMENT (Please Read Carefully)

Certain information in the possession of the Loan Committee (LC) must be made available for public inspection after an application for financial assistance is received. This information includes but is not limited to: the names of applicants, financial information including principals, the amounts, types and general terms of financial assistance, description of projects and businesses benefiting from financial assistance, the number of jobs and the amount of tax revenues projected in connection with a project, and the names of financial institutions participating in the project.

Certain records of the LC are designated confidential and will not be available to the public for inspection. This includes the disclosure of records which would constitute an invasion of privacy, such as personal tax returns or financial records obtained by the LC in connection with any monitoring or servicing of an existing project, and any records or information the release of which the LC has determined could cause a business or competitive detriment to the person whom the information belongs or pertains.

If an applicant desires that additional information be kept confidential, the applicant should clearly identify what information or documents he or she wishes to be kept confidential. The applicant must also explain in writing the basis for her or his request that the material be kept confidential. Where the applicant asserts that the basis for the confidentiality is that release of the information could cause a business or competitive disadvantage or loss of a competitive advantage, the applicant must provide the LC with sufficient information to enable the LC to determine independently the likelihood of such detriment. Applicants may wish to consult an attorney regarding any matters related to this application and possible loan agreements. The information contained in this application and attachments are submitted for the purposes of consideration for the Denton Town loan program.

AGREEMENTS AND CERTIFICATIONS

AGREEMENT

1. I/We agree to notify you promptly in writing upon any material change in the information provided herein, and further acknowledge that you will continue to regard this statement as true and complete until receipt of such written notification.
2. I/We agree to allow The Town of Denton to investigate any information disclosed in this application to include but not limited to: my credit records, my credit history, and any other information that relates to, or may be a factor, in assessing my creditworthiness, to make any inquires it deems necessary to determine the existence and extent of any legal or financial obligations for which I am or may become liable, including but not limited to, child support payments, restitution, and tax liabilities that may affect my ability to repay this loan, to investigate the existence and extent of my criminal records, and to make such inquiries as it deems necessary or appropriate to verify the accuracy of the information contained in the application.

CERTIFICATION

1. I/We certify all information in this application and the attachments is true and complete to the best of my/our knowledge and is submitted so the Loan Administration Board can decide whether to grant a loan or participate with the lending institution in a loan to me/us.
2. I/We understand, in the event of default on the loan The Town of Denton may report the loan on my personal and business credit.
3. I/We understand our checking/savings account will be automatically debited for the monthly payments at no charge. If I choose not to accept automatic debit the interest rate will be 2% higher than the quoted rate.
4. I/We certify that I/We will comply with Title VI of the Civil Rights Act of 1964, as amended (42 USC 2000d-2000d 4), the requirements imposed by or pursuant to regulations issued for the Department of Commerce and designated as 15 CFR Subtitle A Part 8, and any amendments thereto. I/We agree to comply with the provisions of Section 112 of Public Law 92-65 (42U.S.C. 3123) the requirements imposed by or pursuant to the regulations of the Economic Development Administration promulgated in 13 CFR part 311 (as explained in the April 1979, EDA Civil Rights Guidelines) and any amendments thereto. I/We agree to comply with Sections 504 of the Rehabilitation Act of 1973 (26 USC 794) and 15 CFR Part 8b, Subsections a,b,c and e (Regulations of the Department of Commerce implementing Section 504 of the Rehabilitation Act), and the Age Discrimination Act of 1975 (42 USC 6101). Such requirements hold that no person in the United States shall on the ground of race, color, national origin, sex, handicap, or age be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which Federal financial assistance has been extended.

Signature of Applicant(s) _____

Print Name(s) _____

Date Signed _____

Guarantor(s) (If any) _____

Print Name(s) _____



Business Plan Template

A good business plan must include the following sections:

- Table of Contents
- I. Executive Summary
- II. Marketing Plan
- III. Management and Operations Plan
- IV. Financial Plan
- V. Supporting Documents

Each of the above sections is further explained below. This outline is merely a guide, you may add or delete sections as you see fit.

I. Executive Summary (should be approx. 1 page)

This should be a summary of all other sections. We suggest this section be prepared last.

1. Describe the business you are in, what product or services you sell, and the market you will be serving.
2. Describe the legal structure of the business- sole proprietor, partnership, LLC, or Corporation (proof of paperwork should be attached as supporting documents)
3. Describe the history of your business - how you developed your idea to start a new business.
4. Describe your experience in the business/industry and how it will help you succeed.
5. Describe your reason for believing the business will succeed.
6. Address Funding- 1st year anticipated sales, how much money you have already put into the business (if any), discuss any need for funding and what the funding will be used for.

II. Marketing Plan

1. Describe your products and services
 - If you are selling retail products list and provide a brief description of each one.
 - What are the features and benefits of your products or services?
 - Discuss how will your product be made or how will your services be provided?
 - Who will supply the materials?
 - What future products or services will you offer, when?
 - What specific need or want is being fulfilled by your product(s)/service(s)?
2. Distribution
 - How will your product or services be distributed?
 - Will they be distributed in a store, through mail order, on consignment, at private parties, on the Internet?
 - Will you introduce new distribution or delivery systems to increase sales, serve customers, or gain an advantage over the competition?
3. Industry Trend/Analysis
 - What is happening in your industry? Is it growing, stable, or declining? Is it a new industry or has it been around for a while?

- What do you believe the future holds for this industry?
- Describe the industry in terms of overall sales in the US or worldwide.
- Use quotes from trade journals or websites in the industry to show why this is a good industry to get into and start a business.
- How easily can customers find alternatives to your product(s)/service(s) inside or outside your industry?

4. Customers/Target Market Analysis

- Who are your customers- what does a customer profile look like? How would you describe your ideal customer? Where does that person live? What is the person's age, gender, occupation, income level, education level, family composition, ethnicity, and nationality?
- When your ideal customer comes to your business, what need or want is the person looking to address?
- What are the buying patterns of your ideal customers? How often do they buy from your business? How large is each sales transaction? Do they buy on impulse or after careful consideration? Do they buy full price items or seek discounts or sales?
- When making buying decisions, what does your ideal customer value most? Cost? Quality? Features? Convenience? Reliability? Your Reputation? Your unique expertise? Your after-sale support? Your product guarantee?
- How many customers will your business have? How large is the market & what percentage do you expect to serve?
- What information do you have that supports your decisions about your customers?
- What is the growth potential for your business? What is your plan to handle growth?
- What information do you have that supports your decisions about growth?
- What area will you be serving? Is there a demand for your products in that area? How do you know that?
- You may want to provide some statistical data to support your target market analysis such as population growth, household income for counties, etc.

5. Competition

- List three or more competitors and their locations (address) and their proximity to your business.
- What products and/or services do they provide and what are they charging?
- Describe their strengths and weaknesses.
- Have any new competitors recently entered the market or have any competitors in your market area gone out of business recently?
- How difficult is it for new competitors to enter your market area?
- What is your competitive advantage- why will customers buy from you instead of the competition?

6. Pricing Policy for Products/Services

- What is your pricing philosophy? Does your business want to be the high-end price choice? Middle-of-the-pack? Low end?
- How did you determine your pricing strategy?
- How do your current prices (or planned prices) compare with those of your competition? If your prices are higher, do you offer extra value? If your prices are lower, what affects your lower price and can your pricing sustain profitability?
- Do you plan on offering special pricing to gain trial and acceptance? If so, what is your plan for increasing prices later?
- How often do you alter prices or offer sales?
- Do you allow bargaining?
- Selling terms: cash only, check (personal, business, or both), credit/debit cards, house accounts?
- When are payments due, before or after completion? Do you require a deposit on special order jobs or large quantity orders?
- Determine your profit margin? How does it compare to competition and the industry in general.

7. Cost

- Describe your fixed expenses versus variable expenses. How much are your fixed expenses on a monthly basis? **Fixed expenses are expenses that must be paid month to month that do not change.** (Ex. Rent, insurance, payroll, bookkeeping)
- Variable expenses are expenses that vary from month to month. (Ex. Advertising, inventory, travel expenses, etc.)
- What is your breakeven point? How many units or services will you need to perform a month to cover your fixed expenses? (you may be able to determine this after you do your cash flow)

8. Marketing and Sales Strategy

- Describe how your target market will know where you are located? For example will you use:
 - Web site or Ebay account
 - Run ads in the local newspaper and possibly the Yellow Pages
 - Community Events
 - Discounts or gift certificates as incentives
- List some low cost but effective ways of reaching your target market. Go into detail with prices regarding promotions.
- What is your promotional plan?

Marketing Goals

- What is your dream? Where do you see your business going in the next 2 to 5 years?
Example goals:
 - I want to start a successful business
 - I want to expand my existing market share
 - I want to add new products/services
- What are your objectives for each of these goals? Why do you think they are realistic, how will they be measured, and when will they be achieved?
Example Objectives:
 - I want to have a 10% profit margin in 12 months
 - I want to increase sales by 50% in 24 months
 - I want to develop one new product/service within 18 months

9. Business Image

- Are you personally going to take all the customer calls?
- Will there be uniforms if you have an office or store?
- In general, will there be a certain look for your business and/or employees? If so, have you thought about when you will implement this plan? As soon as you open your doors or 6 months down the road or once you hit a certain number in sales.

10. Selling Strategy

- Will you be joining the chamber for networking?
- Will you have a logo on your business cards?
- Describe how and where you will reach your target audience? Community events? Chamber events?

11. Customer Service

- How will complaints or service problems be handled?
- Will there be a return policy?
- If there is a return policy or unsatisfied service agreement, what are the guidelines?

III. Marketing and Operations Plan

1. Location

- Where will you be operating your business? (out of a home, store front, on the internet)
- Is this a prime location?
- Are there enough people that frequent or work in the area for the business to be recognized?

- Why did you choose this location? Why is it desirable?

2. Operations

- Will you be using any type of computer system, cash register, printer, copier, fax machine, and/or credit card processing device?
- Will you need supplies for the office/store? (fixtures, signs, desk, etc.)
- Who will manage record keeping, finances, and inventory? How often will you do inventory checks if necessary?
- What types of insurance will you need? Ex. Business Insurance, Auto Insurance, Workman's Compensation, etc. Attach copies of bids or policies.
- What licenses, permits, or regulations will affect your business? Attach copies of licenses, permits, or regulatory forms.
- Who will your accountant, lawyer, insurance agent, and other advisory team members be? Provide names and addresses.
- Will you collect and pay sales tax, and if so, how much and for which entity (state or city)?

3. Employees

- Will you hire employees or use subcontractors?
- Who will handle what functions in the business? What are the qualifications or required skills you are looking for?
- If you are hiring employees, how many will you have and what will their duties be?
- Who will hire, train, and supervise them? What will it cost the company the first two years?
- What will your employees salaries or hourly rate be for the first two years?

4. Contingency Plan

- What contingency plans have you made for you?
 - What will you do if you become sick or are injured, or in the event of a personal or family emergency that takes you away from the business? Who will care for the business? How much will it cost?
 - What will you do if your car breaks down?
 - What will you do if your day-care provider can't take care of your kid(s) today, or if your kid(s) are too sick to go to school?
- What contingency plans have you made for the business?
 - What will you do if sales are not as expected?
 - What will you do to increase them?
 - What will you do if costs are higher then you expected?
 - What will you do to decrease them?
 - How will you make decisions to continue to stabilize or increase your cash flow and profits?
 - What will you do if your competitor lowers its prices?

IV. Financial Planning

1. Describe the following:

- How much of your own money will you be using to start the business and how much extra would you need to borrow? (See Start-up Cost sheet)
- Provide an itemized detail of the loan request
 - Include the supplier of the item or where the quote came from. If you have a written quote please provide as supporting documents.
- Do you have any other means of income or will you be relying solely on the start up business and its funds?
- Can you do the business part time and have another job on the side especially for the first few months while the business is getting started?

- What do you foresee the business making and the expenses that it will incur in the 1st year? Attach Cash Flow Statement with detailed assumptions of income generated and expenses. What do you anticipate the cash flow projections to look like for years two and three? Please provide a cash flow statement for the second and third years (See Cash Flow Handout).
2. Discuss your credit
- Do you have any of the following:
 - Bankruptcies, Judgments, Liens, Back Taxes, Late Payments, Child Support, Medical Bills
 Please explain all that apply to you in detail. For example explain - the reason for the occurrence, if you have a payment plan, what is the arrangement & is it current, if it has been discharged provide documentation.
 - Have you pulled your credit in the last year?
3. Be prepared to fill out:
- Loan Application
 - Breakeven Analysis
 - Personal Budget Statement (Monthly Personal Expenses)
 - Personal Financial Statement
 - 12 month Cash flow statement with a detailed assumption sheet describing how you came up with the income and expense projections. Be prepared to fill out the second and third year projections. It is not necessary to provide detailed assumptions for years two and three.

V. Supporting Documents

Attach as part of your business plan

- Tax returns for the last 3 years (Business and/or Personal)
- Copy of license and other legal documents
- Copy of Referrals (preferably letters)
 - 3 Business References (Ex. Lawyer, Accountant, Supplier, Customer, or Professional Associates)
 - 3 Personal References
- Copy of proposed lease or purchase agreement for building space
- Insurance declarations
- Floor plans, design layouts, etc.
- Sample brochures, business cards, or advertising material
- Letters of intent from suppliers (if necessary)
- **If you business is already in existence you will need to provide 2 years of Profit & Loss Statements.**

Additional Information

The Town of Denton reserves the right to request additional information that is not listed above or in the initial letter that may have been provided in order to facilitate this loan review process. The Town of Denton's loan committee has the option to approve or deny any loan based on its review of any and all obtained information during this process.



*Please make sure to download/print the **Blank Cash Flow Sheet** and the **Personal Financial Statement** included on the Denton Town website.*