

**Small Business Loans & Venture Capital**  
**NewTown Loans, LLC (on behalf of NewTown Macon, Inc.)**

**Overview**

NewTown Loans, LLC functions as a lending subsidiary of NewTown Macon, Inc (NewTown). Founded in 1996, NewTown is a non-profit organization dedicated to implementing the community’s vision of a comprehensive, coordinated, and continuous plan for revitalizing downtown Macon, Georgia. We accomplish this mission by increasing residents, growing jobs and creating a sense of place. Part of our role in growing jobs is providing financing to private entities to fill the gap between what traditional lenders will loan on small business concerns and the economic necessities of starting, running and growing a business. NewTown uses a variety of sources of funding to make loans for businesses, but all of these sources expect NewTown to repay the loans. Therefore, NewTown only makes investments that can and will be repaid on the terms at which the loan is made. NewTown will match successful applicants with sources of loans or equity funds that best meet the needs of the specific business and use of funds. The Small Business Finance Program exists to provide public benefit through increasing net occupancy of storefronts, sustaining and increasing total number of businesses downtown, sustaining and increasing the total number of people employed downtown, increasing sales tax revenue and improving aesthetics.

**Instructions**

1. Review and sign this application form.
2. Attach a complete and comprehensive development *pro forma*, showing detailed uses of funds and a minimum five-year operating projection demonstrating the ability to repay borrowed funds.
3. Attach complete and accurate plans showing how the loan or equity will be used.
4. Attach proof of legal occupancy for the location in which the loan funds will be expended (current lease, deed or option agreement).
5. Attach the application fee of \$50, unless you have donated this amount or more to NewTown in the past 12 months.
6. Attach credit verification:
  - a. Attach a signed copy of a personal financial statement and credit application (sample provided as Exhibit B).
  - b. Attach the most recent three years of tax returns for the applicant.
  - c. For businesses that are in operation already, attach the most recent past thirty-six (36) months of operating financial statements for the business. If open for fewer than three years, attach every monthly statement from the beginning to current.
  - d. Please note that each loan and every individual financial situation is unique. The Small Business Loan Review Committee may require any and all of the following documents to complete underwriting, or other information not listed here: additional tax schedules (especially Schedule K-1s), up to three years of audited financial statements, Articles of Incorporation, Corporate Bylaws, Partnership filings and/or agreements or additional tax returns for individuals associated with corporations or partnerships involved in the project.
7. Turn in your application to NewTown:
 

**Physical Address:** 555 Poplar St., Macon, GA 31201 *M-F 9am-5pm* **Email:** [loans@newtownmacon.com](mailto:loans@newtownmacon.com)
8. Applications are reviewed year-round by the Loan Committee. If approved by the committee, your loan can close and be disbursed at your convenience. The usual wait for underwriting and approval is one month, though that speed is not guaranteed.



**I. Program Definition**

NewTown Macon’s Small Business Loan Program exists to provide “gap” financing for small business projects in downtown Macon, Georgia. This program directly fulfills our mission of “implementing the community’s vision of a comprehensive, coordinated, and continuous plan for revitalizing downtown Macon, Georgia” by increasing the number of businesses and employees in downtown Macon and converting vacant storefronts and office space to active use.

**II. Small Business Loan Review Committee**

The Small Business Loan Review Committee will be appointed from time to time by the Chair of NewTown Macon. Appointments to the Small Business Loan Review Committee will be ratified by the Board of Directors, and The Small Business Loan Review Committee will review applications, and when appropriate recommend term sheets to the Board of Directors for ratification. The Small Business Loan Review Committee will have the ability and authority to construct and recommend term sheets that vary from these guidelines on a case-by-case basis. The Board of Directors will have final and binding authority in administering the Small Business Loan Program and approving, denying and making loans. Each committee member will serve a term of one (1) year from the date of their appointment or until they retire or the Chair relieves them of duty. Unlimited consecutive terms are allowed. The President & CEO of NewTown shall be an *ex officio* member of the committee, except he or she will not be allowed a vote in any matters under consideration by the committee. NewTown staff will be responsible for providing technical assistance, receiving applications; conducting a staff review and presenting qualified applications to the Small Business Loan Review Committee.

**III. Property Eligibility**

To be eligible for a loan from this fund, the property housing the applicant business must meet the following criteria:

- A. Be located within the Central Business District (CBD) in downtown Macon as defined by the map attached to these guidelines.
- B. Be legally occupied by the applicant. Evidence must be provided to verify the required occupancy interest.
- C. Preference will be given to projects and target blocks identified in NewTown Macon’s current Strategic Plan.

**IV. Loan Requirements/ Conditions**

- A. Fees: The applicant shall pay a non-refundable application fee of fifty and no/100 dollars (\$50.00) to cover the cost of underwriting and application review (application fees will be waived for donors who have made a gift or pledge of the same amount or more to NewTown Macon’s current fiscal year).
- B. Pro Forma: A complete *pro forma* detailing the scope of the proposed project and projecting at least five years of operating costs and revenues must be approved by the loan committee. Financial projections must demonstrate a minimum 1.1 debt coverage ratio (DCR) for this loan.
- C. Use of Funds: The applicant must submit complete plans demonstrating the proposed use of funds.
- D. Eligible Expenses: Proceeds from the loan may be used to pay for the following items
  - 1. Professional design services by licensed designers and architects
  - 2. Tenant improvements, including furniture, fixtures and equipment (FF&E)
  - 3. Hard construction costs
  - 4. Working capital
  - 5. Business acquisition and/or start-up
- E. Ineligible Expenses: Proceeds from the loan will not fund:
  - 1. The applicant’s own labor (sweat equity)

- 2. Any fees or overhead and profit to the business owner
  - 3. Refinance existing debt
  - 4. Any past-due obligation
  - 5. Any work that is already underway, even qualifying expenses
- F. **Permitting:** All work for which a permit is required must be obtained from the relevant regulatory agency, including any necessary building permits issued by the Macon-Bibb government with the approval of Macon-Bibb Planning and Zoning through the issuance of a Certificate of Appropriateness.
- G. **Inspection:** The applicant will permit NewTown Macon and/or its employees, agents and representatives to inspect the business at any time.
- H. **Advertising:** NewTown Macon reserves the right to place a 6”x12” *Powered by NewTown* sign on the exterior of the building or on a storefront window for the entire period of repayment.
- I. **Records and Reporting:** The borrower will maintain clear and accurate records and receipts to verify eligible expenses. The borrower will also maintain clear and accurate records for the operation of the business, including completing monthly operating financial statements. The borrower will provide a copy of these operating statements to NewTown Macon on or before the tenth (10<sup>th</sup>) business day after the last business day of the prior month.
- J. **Closing:** Loans or equity investments must be closed within thirty (30) days of approval by the loan committee. Loans that are not closed within thirty (30) days of approval may be resubmitted for consideration at the next loan committee meeting.

V. **Funding/ Loan Amounts**

- A. **Capitalization:** Small Business Loan Program is capitalized at \$500,000. The Downtown Venture Fund is capitalized at \$25,000 for equity investments. No more than either fund's capitalization may be disbursed at any time.
- B. **Loan Amounts:** Total project debt may not exceed 90% of total projected development costs or projected value, whichever is less. The applicant must invest at least 10% of his or her own equity.
- C. **Interest Rate:** Loans will carry an interest rate appropriate to the project type, business type, use of funds, loan security instruments, individual credit history and other risk factors considered by the Small Business Loan Review Committee. Rates are generally comparable to other market-rate products. As a general guide for constructing projections, the rate ranges below are typical for various uses, but in no way provide a minimum or maximum interest rate restriction:
- 1. Accounts receivable or purchase order financing: 10-30%
  - 2. Start-up loans: 5%-10%
  - 3. Business acquisition: 5%-7.5%
  - 4. Lines of credit: 5%-20%
  - 5. Professional loans: 5%-7.5%
  - 6. Tenant improvements and/or FFE: 5%-20%
  - 7. Durable equipment: 8%-15%
  - 8. Working capital: 5%-7.5%
- D. **Venture Capital:** Instead of and/or in addition to a traditional loan, NewTown Macon has the ability to make equity investments in businesses. Venture investments mean that NewTown would actually own some portion of the business. Repayment of equity investments can be structured similar to a loan, or can be structured to be repaid through profits generated by the business. If you have limited collateral and/or credit, an equity stake may be the only way for NewTown to secure its investment in your business.

If you are interested in considering an equity investment, please indicate so by checking the box on this application.

E. Credit: The applicant must demonstrate that he or she has a track record of repaying debt and obligations. All loan funds are backed by loans obtained and repaid by NewTown Macon and held in trust for the benefit of the community. No loans will be made to applicants who do not have the ability to repay the loan and a history of good use of credit. You must demonstrate that you have a history of using credit responsibly. Applicants must submit documentation to verify credit history in one of the following manners:

1. Individual applicants must fill out and sign a personal financial statement and credit application (attached as Exhibit B). A credit report will be ordered from an independent credit rating agency.
2. Corporate applicants must provide organizing legal documents AND the most recent three years of audited financial statements OR the most recent three years tax returns.
3. General Partnerships, LLPs or LLCs must provide all agreements and organizing legal documents AND copies of credit applications (Exhibit B) for all members or partners.
4. Limited Partnerships or LLPs must provide all agreements and official filings and either three (3) years audited financial statements or a credit application for the General Partner.
5. The Small Business Loan Review Committee may request other documents not explicitly listed here to complete underwriting.

**VI. Application Process**

Applications are accepted year-round online at [www.newtownmacon.com/loans](http://www.newtownmacon.com/loans). If you prefer, you may apply by completing, signing and submitting all pages in this document by mail to:

NewTown Loans, LLC  
 c/o NewTown Macon, Inc.  
 555 Poplar St.  
 Macon, GA 31201

**VII. Closing and Disbursement**

- A. Loan recipient will render an origination fee of 1% of the total loan amount, due and payable at loan closing.
- B. Closing will be performed by Lisenby & Associates, LLC. Loan recipient will render a fee for document preparation to Lisenby & Associates, due and payable at closing.
- C. Disbursement will be structured according to the type of loan product and will be specified in the term sheet.

**VIII. Terms of Repayment**

- A. Loan term will be specified in the term sheet for the specific loan and project. As a general guide for constructing projections, the term ranges below are typical for various uses, but in no way provide a minimum or maximum term restriction:
  1. Accounts receivable or purchase order financing: 1-2 months
  2. Start-up loans: 5-15 years
  3. Business acquisition: 5-15 years
  4. Lines of credit: 1-5 years
  5. Professional loans: 5-15 years
  6. Tenant improvements and/or FFE: 1-5 years
  7. Durable equipment: 5-15 years



Exhibit A: The Central Business District (CBD)

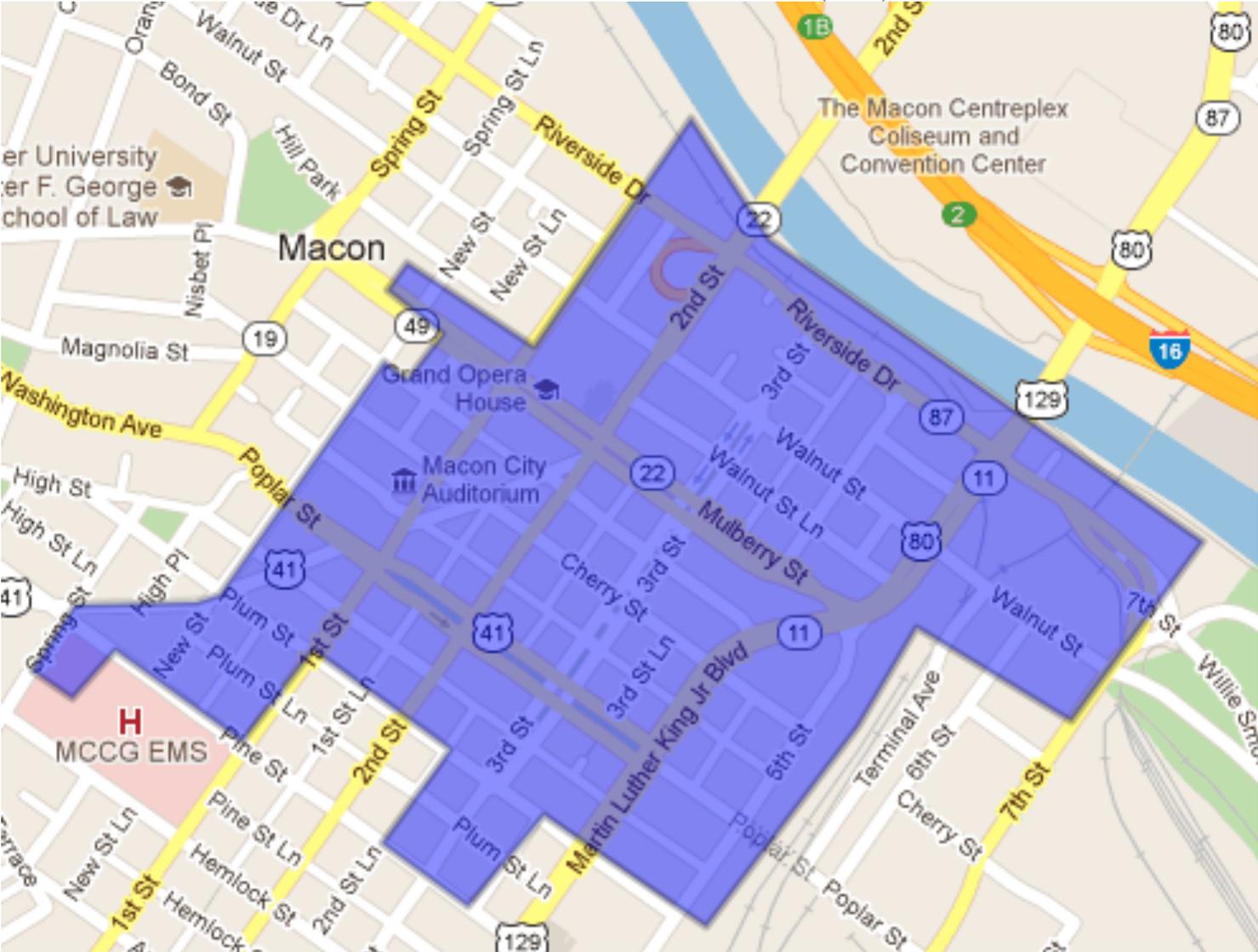




Exhibit B: Credit Application

You may submit a current copy of a personal financial statement (PFS) from another financial institution along with your permission to perform a credit verification check, or you may download and fill out NewTown’s preferred PFS at the following link:

[http://www.newtownmacon.com/wp-content/uploads/2016/07/UDC\\_PFS\\_7.1.14.xlsx](http://www.newtownmacon.com/wp-content/uploads/2016/07/UDC_PFS_7.1.14.xlsx)

If you submit a PFS from another institution, please make sure it includes all of the information requested in NewTown’s PFS linked above.