

Loan Application

for the

MSU DENVER Small Business Loan Program

What is the MSU Denver Small Business Loan Program?

The MSU Denver Small Business Loan Program provides affordable and friendly loans in the range of \$5,000 to \$50,000 to new and growing small businesses owned by MSU Denver affiliated businesses who are unable to secure financing from conventional lending sources.

The MSU Denver Center for Entrepreneurship and the MSU Denver Foundation have partnered with Alpine Bank and selected Prairie Rose Development Corp. to manage and administer the fund. Alpine Bank will seed the program and make loans available to new or existing MSU Denver affiliated businesses. Loan proceeds can be used for any good business purpose associated with helping to start, establish, strengthen or grow a small business.

Who is Prairie Rose Development?

Prairie Rose Development is a private, nonprofit, mission-based lender established in late 2020 with the mission of stimulating the creation, prosperity, and economic welfare of diverse small businesses creating sustainable, living-wage jobs within their communities.

To apply for an MSU Denver Small Business loan, you will need to do the following:

1. **(Only if your business is new or less than two years old)**
Submit a copy of your business plan together with a detailed monthly cash flow projection for next 24 months, including the assumptions used to develop those projections to mike@prairierosedevlopment.org
Once the plan, projections and assumptions have been reviewed for completeness and eligibility, we will invite you to complete this loan application in full.
2. **(All applicants)**
Complete and return this loan application together with copies of other documents and forms noted, either in person, by mail, or, electronically to: mike@prairierosedevlopment.org and,
3. **(All applicants)**
Be ready to discuss your application and answer some questions (15 to 20 minutes either in person or remotely via a web conferencing link).

How long does it take?

Following your short presentation, a Prairie Rose Development loan officer will prepare and present your request to Alpine Bank's loan review committee for review discussion.

Once a project has been successfully approved by Alpine Bank, you will receive a commitment letter outlining the terms and conditions of approval along with a closing checklist detailing any additional items that might need to be collected or reviewed prior to funding your loan request.

How quickly it will take to apply for, close and then fund your loan will depend in large part on how quickly you can provide or secure all the items requested as part of this application. On average, you should anticipate that the process, from delivery of a complete loan package to funding, will take approximately four to six weeks.

What are the loan terms and costs associated with securing a loan?

There are NO up front, application or closing fees. A 1% loan origination fee will be deducted from loan proceeds only if your application is successfully funded. There may be other minor filing, recording, wire transfer, etc., expenses reimbursed at cost from funding proceeds as well, which will be disclosed in your loan commitment letter but you will NOT have to bring any funds to the loan closing.

MSU Denver Small Business Loan Program loans are fully amortizing eight-year term loans with a fixed interest rate of 8.00%.

Applicant Information

| | | |
|---|--|--|
| Company Name | DBA / Trade Name | Tax ID # |
| Primary Phone # | Website | Email |
| Street Address: | | Unit or Suite # |
| City | Zip | County |
| Mailing Address (if different) | | Unit or Suite # |
| Mailing City | Mailing State | Mailing Zip |
| Date Founded? | Legal Structure of Business? | Date Incorporated? |
| State Incorporated? | Financial Year End? | Is this business a franchise? Yes No |
| Person Completing this Application | Type of Business | Your DUNS # (if applicable)? |
| How many full-time employees (35 or more hours per week) do you have? How many part-time employees (less than 35 hours per week) do you have? What is the average hourly rate you pay your employees now? | How many full-time employees do you expect to have in 12 months? How many part time employees do you expect to have in 12 months? What do you expect the average hourly rate will be in 12 months? | How many full-time employees do you expect to have in 24 months? How many part time employees do you expect to have in 24 months? What do you expect the average hourly rate will be in 24 months? |
| Who (or whom) do you currently have a banking relationship with? | | |
| Have you, a family member or close relative owned a small business before? Me Parent(s) Relative | | |

Is your business (please check all that apply)?

| | | | |
|---|--|---|---|
| Brand New? <i>(and not yet open)</i> | In Business? <i>(less than 2 years old)</i> | Are you buying an existing business? | Woman Owned? <i>(51% or more)</i> |
| Minority Owned? <i>(51% or more)</i> | Veteran Owned? <i>(51% or more)</i> | Disabled Owned? <i>(51% or more)</i> | Young Entrepreneur? <i>(born on or after 1980)</i> |
| LGBT Owned? <i>(51% or more)</i> | An Exporter? <i>(10%+ sales exported)</i> | Manufacturer or maker? | Rural based business? |

How did you find out about the MSU Denver Small Business Loan Program?

| |
|--|
| |
|--|

Please show us how you will use the loan funds you are requesting & also how you have used the funds you have already invested or will be investing in your business

| | What will the funds you borrow under the MSU Denver Small Business Street loan program be used for? | What funds are you newly contributing to this project OR have you already contributed to your business to date? |
|---|---|---|
| Start-Up Costs & Expenses = expenses that you incur and things that you buy before launching the business | | |
| Working Capital for the Business = cash you need to operate the company and pay your bills from day to day | | |
| Marketing / Advertising / Web / Internet Costs = cash specifically set aside to help you promote your company to your customers | | |
| Purchase Inventory = cash specifically used to purchase the inventory you sell to your customers | | |
| Pay Accounts Payables = cash specifically used to pay vendors for materials or business supplies | | |
| Refinance Business Credit Cards = pay off credit card bills related to the purchase of business goods or services | | |
| Refinance Existing Business Loans = pay off existing loans related to the purchase of business goods or services | | |
| Purchase Furniture and/or Fixtures = cash specifically used to purchase larger movable items like desks, tables, etc. | | |
| Purchase Machinery and/or Equipment = cash specifically used to purchase items with a specific use like a press or 3D printer | | |
| Purchase a Vehicle/Van/Truck = cash specifically used to purchase a business vehicle of some sort | | |
| Buy an Existing Business = cash specifically used to purchase an existing and operating business | | |
| Buy an Existing Franchise = cash specifically used to purchase a franchised business | | |
| Fix-up a Commercial Space = cash specifically set aside to improve a space your business will rent or own | | |
| Other (please identify): | | |
| TOTALS: | | |

Where have the funds you are investing coming from?

Your requested MSU Denver Small Business loan must be no greater than 90% of the total of the above two columns. If you are an existing business owner, your balance sheet will show us how much you have already invested in your business. If you are investing additional funding into your business, or if you are not yet in business, or if you don't yet have a balance sheet, please let us know where the funds you are investing are coming from. For example, are the funds coming from cash you have saved personally, from cash accumulated in the business, from friends and/or family, from investors, loans, or other sources? Please explain.

If your business is just starting out OR it is less than two years old, and you have never owned a business before, what have you done to help prepare to be a small business owner?

Please introduce us to / describe the management team for your business?

What sort of background do you have and who else is helping you run / manage your business?

Do you have a mentor or trusted advisor not involved in day-to-day operations that you can talk to if you have questions about your business?

Please tell us who your mentor(s) and/or advisor(s) is (are) below.

Why are you in business / Why do you want to own your own small business?

What is the Statement of Purpose for your business & what problem are you solving?

A "Statement of Purpose" for a small business embodies the core philosophy, goals and values of the founder(s) while highlighting the way in which the business wants to become successful within the framework of the community. It can be a key part of the strategic operation plan for a small business because it encourages owners to think about what problem the business is solving for its customers.

What type of business culture have you created / will be creating for your employees?

How will you be handling your bookkeeping and record-keeping? What accounting system or program will you be using to keep track of income and expenses?

In addition to completing and returning this application, please provide copies of ALL the applicable documents listed below

- PERSONAL TAX RETURNS: Full copies of the last TWO personal tax returns for everyone owning 20% or more of any business involved with this loan application -- please sign and date the bottom of the first page of each return.
- COPIES OF DRIVERS LICENSES or other acceptable government-issued form of identification for anyone owning 20% or more of any of the businesses involved with this loan application.
- COPIES OF YOUR OPERATING AGREEMENT (if you are an LLC) or OTHER ORGANIZATIONAL DOCUMENTS for any existing businesses -- e.g., bylaws, articles, partnership agreements, etc.
- BUSINESS TAX RETURNS [Only if your business is currently operating]: Full copies of the last THREE (or as many years as you have) returns for all businesses involved with this application -- please sign and date the bottom of the first page of each return.
- BUSINESS YEAR-END FINANCIAL STATEMENTS [Only if your business is currently operating]: Copy of the last year-end business financial statement (Profit & Loss statement plus a Balance Sheet) for all businesses involved with this loan application -- please sign and date the bottom of the first page of each statement.
- BUSINESS INTERIM FINANCIAL STATEMENT [Only if your business is currently operating]: Copy of an interim financial statement (dated within 90 days) for all businesses involved with this loan -- please sign and date the bottom of the first page.
- COST DOCUMENTS: Copies of quotes, estimates, invoices, print-outs, etc., for ALL items costing \$4,000 or more that have been included in your loan request. If you are looking for funds to help fix-up a space you will be leasing, please include at least two different construction bids on contractor's letterhead and a (draft) copy of your lease
- COPY OF YOUR BUSINESS PLAN: Your business plan must explain what your company is going to do, how it is going to accomplish its goals, and, most importantly, why the founders and the team they surround themselves with, are the right people to do the job. A typical business plan will include a company overview, information about your products and/or services, the marketing plan, a list of major company milestones, some information about each member of the management team and their role in the company, and, financial details. This financial section must include a cash flow projection for the business, showing month-by-month projected income and expenses for the business for the next 24 months.
- COPY OF YOUR MONTHLY CASH FLOW PROJECTIONS FOR THE FIRST TWO YEARS: If your business plan doesn't include a cash flow projection showing month-by-month projected income and expenses for the business for the next 24 months, please make sure you create and submit one separately.

Your month-by-month projections are critical to a complete understanding of your business and from a lender's perspective, so are the detailed assumptions that you used to create these projections.

Please ensure that you explain in some detail all your major income and expense numbers and where those numbers came from -- THESE ARE YOUR ASSUMPTIONS and will be one of the first things we will review once you submit your application. Provide documentation as part of your business plan to support anything and everything you can related to your cash flow projections.

- COPY OF RESUMES FOR EVERYONE WHO OWNS OR WILL OWN 20% OR MORE OF ANY BUSINESS INVOLVED WITH THIS APPLICATION: This will help us understand the background and history of the key entrepreneurs associated with your business.

Required Certifications

As part of your application, we ask you to acknowledge the following by putting your initials next to each true statement:

- ___ The business applying for this loan is an equal opportunity employer and complies fully with all Colorado and federal laws with regard to discrimination and unfair employment practices. The applicant business does not discriminate against any employee or applicant for employment, nor against any person purchasing the applicants' products or services, on the basis of race, creed, color, national origin, sex, marital status, familial status, religious belief, ancestry, mental or physical handicap, or age.
- ___ At least 51% of the ownership of the business applicant is held by US Citizens or by legal permanent residents.
- ___ The business applicant maintains workers compensation insurance if and as required by the State of Colorado.
- ___ The business applicant and all 20% or more owners of the business and / or any affiliated businesses, have disclosed information relating to any bankruptcies, personal or business.
- ___ The business applicant business and all 20% or more owners of the business and / or any affiliated businesses, are NOT involved in any existing or pending lawsuits.
- ___ The business applicant and all 20% or more owners of the applicant business and / or any affiliated businesses are NOT delinquent on any federal obligations, debt or taxes.
- ___ The business applicant and all 20% or more owners of the applicant business and / or any affiliated businesses are NOT delinquent on any child support requirements.

MSU Denver Small Business Loan Program Disclosure Statement

As part of your application for a MSU Denver Small Business loan, we ask each 20% or more owner to read and acknowledge (at the end) that you have read and understand the following.

1. HOW THE PROGRAM WORKS:

The MSU Denver Small Business loan program is intended to assist MSU affiliated owned businesses needed financing to startup, grow, develop or expand their small businesses. To be considered for the MSU Denver Small Business loan program, a business applicant must nevertheless be both eligible and credit-worthy.

2. GENERAL ELIGIBILITY:

Applicants must meet certain eligibility requirements. These requirements are designed to be as broad as possible so the program can accommodate a diverse variety of small business financing needs. To be eligible for consideration, an applicant must:

- Be 51% owned by an MSU Denver affiliated business;
- Be "small" where this is defined as having 100 employees or fewer.
- Plan to use proceeds for an approved purpose. MSU Denver Small Business loan proceeds may generally be used for most good business purposes including the creation, expansion, operation or purchase of a small business.
- Evidence the ability to repay the loan on time from the projected or historical operating cash flow of the business.
- Evidence good character.
- Evidence management expertise and commitment necessary for success.
- Provide a feasible business plan, cash flow projections and assumptions related to the future operation of the business.

3. ELIGIBLE BUSINESSES:

In addition to the above general requirements, a business must have reasonable ownership equity to invest or "at risk" in the project; and, have used alternative financial resources, including personal assets, before seeking financial assistance.

Special considerations apply to some types of businesses and individuals, as follows:

- Loans involving a change in ownership are eligible providing the business benefits from the change. In most cases this benefit should be promoting the sound development of the business or preserving its existence. Loans cannot be made when proceeds would enable a borrower to purchase (a) part of a business in which it has no present interest or (b) part of an interest of a present and continuing owner.

- Applications will not be accepted from firms where a principal is currently incarcerated, on parole, on probation, or, is a defendant in a criminal proceeding.

4. INELIGIBLE BUSINESSES:

Ineligible businesses include those engaged in illegal activities, loan packaging, speculation, multi-sales distribution, gambling, investment or lending or where the owner is on parole. Other specific types of businesses ineligible to receive MSU Denver Small Business loans include:

- Firms involved in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil and dealing in commodities futures, when not part of the regular activities of the business. This includes dealers of rare coins and stamps;
- Firms involved in lending such as banks, finance companies, factors, leasing firms, insurance companies (not agents), and any others whose stock in trade is money;
- Businesses principally engaged in teaching, instructing, counseling or indoctrinating religion or religious beliefs, whether in a religious or secular setting;
- Businesses which present live performances of a prurient sexual nature; or, derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature;
- Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;
- Firms involved in illegal activities that are against the law in the jurisdiction where the business is located. Included in these activities are the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as operating a motel that permits illegal prostitution;
- Gambling activities, including any business whose principal activity is gambling. While this precludes loans to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses which obtain less than one-third of their annual gross income from the sale of official state lottery tickets under a state license;
- Charitable or religious organizations without revenue from sales or fees to repay the loan;
- Businesses that have previously defaulted on a federal loan or federally assisted financing, resulting in the government or any of its agencies or Departments sustaining a loss in any of its programs, and businesses owned or controlled by an applicant or any of its associates which previously owned, operated, or controlled a business which defaulted on a federal loan (or guaranteed a loan which was defaulted) and caused the federal government or any of its agencies or Departments to sustain a loss in any of its pro- grams;
- Businesses primarily engaged in political or lobbying activities; and,
- Any project that is in violation of either federal, state or local environmental protection laws or regulations.

5. ELIGIBLE USES OF PROCEEDS:

MSU Denver Small Business loan proceeds may be used to establish a new business or to assist in the operation, acquisition or expansion of an existing business. Eligible uses of proceeds include (this is a non-exclusive list):

- Purchase of land & buildings / new construction / the expansion or conversion of existing facilities;
- Purchase of equipment, machinery, furniture, fixtures, supplies, or materials;
- Long-term working capital, including the payment of accounts payable and/or for the purchase of inventory;
- Refinancing existing business indebtedness that has unreasonable terms and conditions;
- Short-term working capital needs, including seasonal financing, contract performance, construction financing, export production, and for financing against existing inventory and receivable under special conditions; and/or,
- Purchasing an existing business.

6. INELIGIBLE USES OF PROCEEDS:

There are certain restrictions on MSU Denver Small Business loans which mean that these sorts of loans may not be used:

- To refinance existing debt where a current lender is in a position to sustain a loss and Alpine would take over that loss through refinancing that existing loan;
- To effect a partial change of business ownership where a person will retain a portion of ownership in the business, or where such a change that will not benefit the business;
- To repay delinquent state or federal taxes;
- For an illegal activity; and,
- For a non-sound business purpose.

7. TERMS AND CONDITIONS:

The specific terms of MSU Denver Small Business loans are based on the project purpose, the borrower's repayment ability and the useful life of the collateral being offered to support the loan. In general, the following provisions apply to all MSU Denver Small Business loans.

Loan Amounts: MSU Denver Small Business loans have a minimum loan amount of \$5,000 and a maximum loan amount of \$50,000.

Equity Contributions: Regulations associated with the program may limit MSU Denver Small Business loan program financing to a maximum of 90% of the project cost. For example, if a small business needs to purchase a \$40,000 machine, the maximum MSU Denver Small Business loan available would be \$36,000 or 90% of the purchase price. The small business borrower would need to contribute the balance themselves.

If the MSU Denver Small Business loan is being used to provide "gap financing" behind an existing loan from a commercial lender, the combination of that loan plus the MSU Denver Small Business may not exceed 90% of the project cost.

Maturity Terms: The MSU Denver Small Business loan program is generally intended to encourage longer-term, fully-amortizing, fixed-rate small business financing. Loan terms are eight years.

Interest Rates: Interest rates will be fixed for the life of the loan and will 8.00%.

Fees: An application fee of 1.00% of the requested loan amount will be charged to each successful applicant. This fee is ONLY payable at closing / funding. This fee will ONLY be collected from loan proceeds advanced at the time of funding. In addition, normal out-of-pocket costs such as any applicable recording fees, wire fees, etc., may typically be charged to the small business borrower on a cost-recovery basis.

Prepayment Penalties: There are NO prepayment penalties and MSU Denver Small Business loans may be prepaid in part or full at any time without penalty.

8. "DO-IT-YOURSELF" CONSTRUCTION:

Situations where the borrower is also the project contractor have generally proved to be an unsatisfactory arrangement on MSU Denver Small Business loans. However, "do-it-yourself" construction and/or the installation of machinery and equipment, or situations where the borrower acts as its own contractor, may be permitted as long as it is possible to justify and document the following:

- The borrower / contractor is experienced in the type of construction and has all appropriate licenses;
- The cost is the same as, or less than, what an unaffiliated contractor would charge, as evidenced by two independent bids on the work; and,
- The borrower / contractor will not earn a profit on the construction.

9. PERSONAL / CORPORATE GUARANTEES:

Unlimited personal guarantees are required from EVERY person or entity owning 20% or more of an application for MSU Denver Small Business loan. A personal guarantor is required on EVERY MSU Denver Small Business loan, even if no one individually owns more than 20%.

10. PRIOR BANKRUPTCIES:

Full disclosure of prior bankruptcies is required.

11. PRIOR CRIMINAL OFFENSES / ARRESTS:

A prior criminal arrest or conviction will not necessarily disqualify an individual from receiving financing under the MSU Denver Small Business loan program. However, full disclosure is required.

12. CHILD SUPPORT COMPLIANCE:

No principal who owns at least 50% of the ownership or voting interest in a company applying for financing under the MSU Denver Small Business program, may be delinquent more than 60 days under the terms of any (1) administrative order, (2) court order, or (3) repayment agreement that requires payment of child support. A certification of compliance will be required before any funds will be disbursed under the MSU Denver Small Business loan program.

13. SITE VISITS:

Site visits will be performed, from time to time, on the small businesses who receive MSU Denver Small Business loans.

14. SMALL BUSINESS SUPPORT:

A small business who receives a MSU Denver Small Business Loan is expected to meet with a business counselor or advisor on at least an annual basis.

What We Will Ask of You as a MSU Denver Small Business Borrower?

We are eager to see you and your business succeed. In order to make that happen, we hope to build a collaborative, open, and, transparent relationship with you. Here are some of our hopes for you and your business.

Please initial next to each statement to acknowledge that you have read it and agree with it:

_____ You will become more confident and competent as a business owner throughout the life of your loan. That means taking full advantage of the expertise at MSU Denver and through your interactions with your small business mentor(s). Never be afraid to ask questions!

_____ We will operate under the assumption that you are always being transparent with us.

_____ We would like to reemphasize the nature of this loan program – it is character-based which means that we are making a loan to your business because we feel that you (and your team) are of good character. This means we want to hear about the positive developments occurring around your business: How is your business positively affecting your community? Have you been able to add employees? Did the local newspaper publish a story about your business? Did you sponsor a local event? As a community development organization, we are hoping we can help build a network of mission-driven, successful, small business borrowers throughout Colorado!

_____ The MSU Denver or Prairie Rose Development team may contact you periodically to see how things are going. Please make it easy for us to do so by keeping all of your most recent contact information updated with our office.

General MSU Denver Small Business Loan Program Considerations

15. EQUAL CREDIT OPPORTUNITY:

The Federal Equal Credit Opportunity Act prohibits creditors from discriminating on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), handicap, 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.

16. IDENTIFICATION PROCEDURES:

To help the government fight the funding of terrorism and money laundering activities, federal law requires us to obtain, verify, and record information that identifies each person who applies for a loan. This means that you will be required to provide your legal name, address, date of birth, and other information, including a copy of a driver's license or other identifying document.

17. INDEMNIFICATION PROVISIONS:

Applicant(s) will indemnify and hold Prairie Rose Development and / or its agents harmless from any and all loss or injury, including reasonable attorney fees, resulting or arising from failure by the applicant to receive such loan, and / or any loss or liability to applicants or the business of the applicant. All parties agree that there are no other promises, terms, or agreements (oral or written) between Prairie Rose Development and the applicant small business, and that the MSU Denver Small Business loan program rules and fees are subject to change at any time.

18. FINANCIAL PRIVACY:

Prairie Rose Development commits to protecting any and all personal information provided in conjunction with a loan application, and also commits to collect and disclose this information only as allowed by law.

The undersigned, as the authorized representative of this application for a MSU Denver Small Business loan, acknowledges that he / she understands the provisions described within this Disclosure Statement as they apply to an application for consideration under the MSU Denver Small Business loan program.

Signed: _____

Name: _____

Title: _____

Date: _____

Loan application updated on 08/26/2022

Copyright Prairie Rose Development Corp.