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## Commercial Loan Program Structure and Application

### Introduction

The Berwyn Development Corporation (BDC) commercial loan program is operated in conjunction with the City of Berwyn to retain and improve Berwyn businesses and encourages new business investments within the community. The BDC is an independent, not-for-profit corporation that has established a Commercial Loan Commission, composed of representatives of participating lending institutions. Both the BDC and the Berwyn City Council must approve each loan request made under the commercial loan program. *This program is designed to provide loans from \$30,000 - \$625,000 to assist in good-standing existing businesses and to encourage new business projects within Berwyn city limits.*

### General Loan Criteria

In general, the following broad criteria apply to BDC Commercial Loan applications:

- A. Operate or intend to operate a licensed brick-and-mortar location in Berwyn, IL.
- B. Have a proprietary interest in the business.
- C. The minimum amount of project work must exceed \$30,000.
- D. Be duly organized, validly existing, in good standing and, when applicable, licensed to do business under the laws of Illinois.
- E. Possess the licenses, certifications, zoning approvals and permits necessary to operate the proposed business at the time the loan is approved.
- F. Project must correct all code violations and conform to the provisions of the Americans with Disabilities Act.
- G. Program participants must allow the city to make permits and work progress inspections as is its legal right and obligation.
- H. Be current and ensure that all loan guarantors are current on business and personal income taxes, real and personal property taxes, payroll and business taxes, and court ordered judgements.
- I. Provide disclosure at time of application and throughout the duration of the loan, if approved, of any outstanding litigation involving the business, the business owner(s) and any guarantor(s).
- J. Program participants must become and remain BDC Chamber members in good standing or the life of the loan.

### Not Eligible:

- Cannabis Businesses
- Liquor Stores
- Tobacco/Smoke Shops

- Investment Real Estate
- Goodwill related to change in ownership
- Adult Entertainment/Gambling
- MLM or Pyramid Schemes
- Manufacturing or selling of wholesale tobacco, liquor, or firearms
- A business that operates discriminatory clubs that require membership

*\*The eligibility of other like uses not listed above will be reviewed for consideration by the lender.*

**Eligible Uses of Funding:**

- Acquisition, development, or improving of real property\*
- Clearance, demolition, removal, and site preparation related to acquisition or rehabilitation
- Fixed assets
- Purchase of machinery, equipment, furniture or fixtures, and other like materials
- Purchase of furniture or fixtures
- Inventory
- Legal and accounting expenses (associated with the loan)
- Working capital
- Start-up business support
- Property tax payments that can be secured\*\*

*\* The purchase of real estate may require 51% or more of the property to be occupied by the owner.*

*\*\* This use is NOT eligible for Advantage IL Loan Program*

**Ineligible Fund Uses**

- Refinancing existing debt
- Leasehold improvements that cannot be secured
- Lobbying activities
- Insurance related expenses
- Other exclusions may apply

**Loan Process:**

- The BDC Commercial Loan Commission reviews applications and makes a recommendation to the Board of Directors of the BDC as to whether the loan should be approved.
- The BDC Board of Directors acts on the recommendation of the Commercial Loan Commission and makes a recommendation to the Berwyn City Council as to whether the loan should be approved.
- The Berwyn City Council reviews the recommendation of the BDC Board of Directors and makes the final determination as to whether the loan should be approved.

**Application Fee**

The BDC and the City require program applicants to supply the BDC with a completed loan application and a nonrefundable application fee of two hundred and fifty dollars (\$250). Closing costs, which

average \$5,000, will be needed at the time of closing. The closing costs cover the legal and administrative fees to draft needed loan documents. Applicants will be solely responsible for other items such as obtaining credit report and score, MAI appraisal, and other items needed to underwrite the loan.

## Loan Terms

- **Interest Rate:** The interest rate of each approved loan may be established annually and keyed to an index rate based on the prime rate on December 1.
- **Loan Term:** Loans are generally extended for three to five-year terms but may be amortized over 15 years.
- **Collateral:** All loans must be secured. Collateral may include but is not limited to Business and Personal assets. A Personal Guaranty may also be required.
- **Loan Disbursement:** A line item documenting the disbursement of funds will be provided to the commission after all necessary work or payments have been completed (no longer than 6 months).
- **Late Fees:** A 10-day grace period will be in effect. A \$50.00 late fee will be charged for every 10 days that the payment is late (\$50 after 10-day grace period, \$100 at 20 days, \$150 at 30 days, and so on). There are no prepayment penalties.
- **Equity:** The applicant must contribute at least 10% of the total project cost as equity, but in certain cases, a contribution of up to 25% may be required.

# BERYWN COMMERCIAL LOAN APPLICATION

The information you provide in this application is confidential. This application will expire 60 days after submission. Please fill out the application completely; incomplete applications will not be considered. This application must be submitted with a copy of your Driver's License, State ID, or other government-issued form of identification to be processed.

Please print in blue or black ink.

## I. Applicant Information:

Name of applicant: \_\_\_\_\_

Contact person or other individual authorized to sign application on behalf of a business:  
\_\_\_\_\_

Social Security Number (of individual): \_\_\_\_\_

Employee Identification Number: \_\_\_\_\_

Personal residence address: \_\_\_\_\_  
Street

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone number: \_\_\_\_\_ Email address: \_\_\_\_\_

## II. Property Address:

Address of Berwyn property for which funds are sought (if known):  
\_\_\_\_\_  
Street

## III. Owner(s) of Berwyn property listed (if different than applicant):

Name of individual owner(s): \_\_\_\_\_

Business name (if any): \_\_\_\_\_

Berwyn business address: \_\_\_\_\_  
Street

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Phone number: \_\_\_\_\_ Email address: \_\_\_\_\_

Primary business address (if different than Berwyn business address):

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Street

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City

State

Zip Code

**IV. Business Information**

Name of business: \_\_\_\_\_

Berwyn business address: \_\_\_\_\_  
Street

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City

State

Zip Code

Phone number: \_\_\_\_\_ Email address: \_\_\_\_\_

Name of non-Berwyn business (if different): \_\_\_\_\_

Primary business address (if different):

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Street

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City

State

Zip Code

Phone number: \_\_\_\_\_ Email address: \_\_\_\_\_

**V. Business Organization:**

Indicate with an "X" the way your business is organized.

- Sole proprietorship
- General partnership
- Limited liability company
- Limited partnership
- S corporation
- 501 (c) corporation
- Other; Explain: \_\_\_\_\_
- If incorporated, the state of incorporation: \_\_\_

**VI. Additional Stakeholders**

*Identify all other partners, owners, or shareholders and their percentage of ownership in the applicant's business. You may add additional pages, if necessary.*

**Stakeholder I:**

Name: \_\_\_\_\_ % of ownership: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Phone number: \_\_\_\_\_

Residence address: \_\_\_\_\_

Street

City

State

Zip Code

**Stakeholder II:**

Name: \_\_\_\_\_ % of ownership: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Phone number: \_\_\_\_\_

Residence address: \_\_\_\_\_

Street

City

State

Zip Code

**Stakeholder III:**

Name: \_\_\_\_\_ % of ownership: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Phone number: \_\_\_\_\_

Residence address: \_\_\_\_\_

Street

City

State

Zip Code

**Stakeholder IV:**

Name: \_\_\_\_\_ % of ownership: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ Phone number: \_\_\_\_\_

Residence address: \_\_\_\_\_

Street

City

State

Zip Code

**VII. Additional Information:**

*Please answer the following:*

A brief description of the business: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Year the business was established: \_\_\_\_\_ Years the business has been in Berwyn: \_\_\_\_\_

Number of full and part-time employees: FT \_\_\_\_\_ PT \_\_\_\_\_

**VIII. BDC Membership:**

Are you a member of the Berwyn Development Corporation (BDC)? *Membership is required for the life of the loan.*

\_\_\_ Yes \_\_\_ No

**IX. Conflict of Interest:**

*If you answer "yes" to any of the subparts in the following question, please explain in the space indicated.*

Is any owner of the property or business located at the property:

a. Related to an elected or appointed official of the City of Berwyn?

\_\_\_ Yes \_\_\_ No

b. Routinely a party to a contract with the City to provide goods or services?

\_\_\_ Yes \_\_\_ No

c. An employee of the City of Berwyn?

\_\_\_ Yes \_\_\_ No

If you answered "yes" to any subpart, explain:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**X. Disclosures**

Have you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) ever been involved in bankruptcy or insolvency proceedings?

\_\_\_ Yes \_\_\_ No

If so, explain and include the jurisdiction and case number.

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Are you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) involved in pending lawsuits?

\_\_\_ Yes \_\_\_ No

If so, indicate case caption (the parties), the jurisdiction, and case number. Also, include a brief description of the nature of the claim and the damages being sought.

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Have you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) previously participated in any TIF program or Commercial Loan program of the City of Berwyn or the Berwyn Development Corporation?

\_\_\_ Yes \_\_\_ No

If yes, provide details of participation.

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Have you, your company, or any officer thereof, or any of the above-named parties in the answer to question number 5 (V.) previously been convicted of a felony? *If so, you are required to provide a criminal background check.*

\_\_\_ Yes \_\_\_ No

## XI. Purpose of the Loan:

What is the intended use of the loan?

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If applicant is a lessee, a letter from the owner or the authorized agent (such as the leasing agent or attorney) or a copy of the signed lease, giving the applicant permission to make the leasehold improvements, must accompany the application.

Lease in the name of: \_\_\_\_\_ Length of the lease: \_\_\_\_\_

Amount requested: \_\_\_\_\_

Loan term requested:

\_\_\_ Three years, amortized over \_\_\_ years (maximum 15 years) - balloon payment at year 5

\_\_\_ Four years, amortized over \_\_\_ years (maximum 15 years) - balloon payment at year 5

\_\_\_ Five years, amortized over \_\_\_ years (maximum 15 years) - balloon payment at year 5

\_\_\_ Other: \_\_\_\_\_

## XII. Required Documentation

*The following documents must accompany the application:*

### **Applicant Documents:**

- Completed loan application
- Current credit report that includes credit score
- Three years of 1040 us individual tax return
- Three years of business tax returns (if applicable)
- Proof of general liability insurance – for business (if applicable)
- Drafted business plan
- IL secretary of state business entity standing (if applicable)
- Proof of financial wherewithal in the form of personal and/or business bank statements for the last three months.
- List of assets for all parties involved
- List of existing debts for all parties involved
- List of repayment sources

**Property Documents:**

- MAI appraisal report (if applicable)
- Proof of general liability insurance – for property (if applicable)
- Lease or documentation of property ownership
- Current property tax bill (if applicable)
- Estimate of insurance premium (if applicable)
- Rent roll (if applicable)

**Project Documents:**

If construction is anticipated:

- Project budget prepared by a construction manager or general contractor
  - General contractor must provide list of all subcontractors – to include a minimum of two cost estimates for all material and labor.
  - If applicant is acting as general contractor, applicant must provide a minimum of two cost estimates for all material and labor.
- Description of the project costs and drawings and plan specifications prepared by a licensed architect and/or engineer (if applicable)
- Project schedule prepared by a construction manager or general contractor
- Digital images of project site before work begins (if applicable)
- Permits (if applicable)

**Additional Documents (as needed):**

- Advantage Illinois Exhibits E and F
- Request for Tax Clearance Form (ITR-1)

**XIII. Applicants' Obligations:**

The applicant agrees to hold harmless, indemnify, and defend the City of Berwyn and the Berwyn Development Corporation, and their employees and agents, for any and all liabilities arising out of this application, loan, construction or other projects, and any agreement to share costs, including but not limited to any and all lawsuits or other disputes.

The applicant agrees to maintain a business presence in the City of Berwyn for the life of the loan. The failure to maintain a business presence will require the immediate repayment of all outstanding principal, interest, and any penalties then due in accordance with the terms agreed upon for the loan. The applicant agrees, by signing this application that all information provided is, to the best of the applicant's knowledge, true and accurate, and the applicant is providing authorization for the BDC to obtain a credit history, as they deem necessary, to determine initial and/or continued credit worthiness.

Signature of Borrower:

\_\_\_\_\_ Date: \_\_\_\_\_

Printed Name of Borrower:

\_\_\_\_\_ Date: \_\_\_\_\_

Signature of Co-Borrower:

\_\_\_\_\_ Date: \_\_\_\_\_

Printed Name of Co-Borrower:

\_\_\_\_\_ Date: \_\_\_\_\_

**The completed signed application, supporting documents, and a check for the \$250 non-refundable application fee, made payable and delivered to the:**

**Berwyn Development Corporation  
Attention: Executive Director  
3322 South Oak Park Avenue, 2nd Floor**