



Southwest Rural Economic Area Partnership Fund Guidelines

The Southwest Rural Economic Area Partnership is a non-profit corporation operating under the REAP Investment Fund, a 501(c) 3 incorporated within the state of North Dakota.

SW REAP has developed a Partnership Fund, and a Micro Loan Fund to be used for the purpose of furthering partnerships, businesses and projects that will positively impact its geographic region - the counties of Adams, Billings, Bowman, Dunn, Golden Valley, Hettinger, Slope and Stark. All fund requests must originate in and benefit these SW REAP counties.

All proposed projects should meet one of the SW REAP goals as follows:

- Utilize the REAP designation to alleviate out-migration
- Increase job and business opportunities
- Encourage and participate in partnerships for economic development

The SW REAP Board may allocate funds to other work plan areas and may change or redefine these guidelines without notice. Prospective applicants should check with SW REAP to see if funding is available and if the funding guidelines have changed.

Specific guidelines for each fund are enclosed. Applicants should read the guidelines and complete the form SW REAP Application & Request for Funding and submit it with their project narrative and budget plus any appropriate attachments. Applicants appear in person before the SW REAP Board to request the funding. Local county economic developers are encouraged to assist and accompany applicants to these meetings.

The SW REAP Board meets the first Wednesday of February, April, June, August, October and December. **All loan applications must be submitted at least 14 days prior to the meeting date.**

Send the application and attachments by email to swreap@gmail.com or mail to SWREAP, PO Box 93, Mott, ND 58646. Questions should be directed to the Executive Director at 701-567-3708. Applicants will be notified of their presentation time and date. Presentations should be approximately 5 to 10 minutes.

The Board will make final decisions on requirements for each application. The application can be approved, disapproved, tabled or returned to the applicant for revisions. If approved by the SW REAP Board, the requested funds will be set aside. The approved applicant must sign a Promissory Agreement, provide documentation of match and request the full monetary amount in one lump payment within six months of the approved meeting date, as their approved status expires at that time. The board will reconsider expired applications.

Applicants and/or their local development group should publish the press release as provided or a similar document upon approval or receipt of funding. A copy should be sent to the SW REAP Executive Director by email.

For more information or assistance, contact your local development group or corporation listed in the following table.

Local Development Groups

Adams County Development	567-2531	PO Box 1323	Hettinger	58639	adamscdcv@ndsupernet.com
Bowman County Development	523-5880	PO Box 1143	Bowman	58623	development@bowmand.com
Dunn County JDA	764-6092	PO Box 283	Killdeer	58640	dunnjda@ndsupernet.com
Hettinger County JDA	824-4205	PO Box 157	Mott	58646	hettcojda@gmail.com
Golden Valley Co./Prairie West Development	872-3121	PO Box 784	Beach	58621	prairiewest@midstate.net
Stark Development	225-5997	314 3 Av W	Dickinson	58601	@starkdev.com

SAMPLE PRESS RELEASE

[Name of Project or Business] Receives SW REAP Funds

[Date]
 [Town]
 [Contact Person]

[Name of Economic Development Corporation] announces [Name(s) of project or business or owner], has received a [Partnership or Micro Loan] from Southwest Rural Economic Area Partnership (SW REAP).

[Brief summary of what the new business will do or sell (Example): Fischer’s new business will offer needlework, quilting & sewing supplies, as well as fabric and patterns with an espresso bar.]

[Quote from new business owner or partnership group] (Example): “I am so excited to get this loan to help me get a good start in the community”, said....].

For Partnership funds, use the following: SW REAP has developed a Partnership Fund to be used for the purpose of furthering partnership projects that will positively impact development in its geographic region, the counties of Adams, Billings, Bowman, Dunn, Golden Valley, Hettinger, Slope and Stark.

For Micro Loans, use the following two paragraphs: The SW REAP Micro Loan program addresses funding requests for businesses which employ one to 10 people or new ventures located within its geographic region - the North Dakota counties of Adams, Billings, Bowman, Dunn, Golden Valley, Hettinger, Slope and Stark.

Businesses can receive up to a maximum of a \$10,000 loan but no more than 50% (whichever is less) for business startup, business plans, product development, research & development, marketing plans, marketing activities or other business activities approved by the SW REAP board. The micro loans are to be repaid within three years.

Applicants are encouraged to submit an application and provide a project narrative with a budget to the local economic development agency that can assist them with their request.

For more information regarding the SW REAP Micro Loan Fund or the Partnership Fund, contact [Name and address of local Economic Developer].

Partnership Fund Guidelines

The Board will only consider proposals that contain partnerships. These partners can be group(s) of people who are organized for a specific purpose to accomplish a specific task(s). A partnership can be defined as more than one group of people *or* a group of people and/or organization(s) or agency(s) working to accomplish the same task(s). Under no circumstances will proposals be considered from a sole individual.

The board encourages partnerships to submit proposals if they meet the following criteria:

- (1) Projects should meet at least one of the goals and objectives of SW REAP.
- (2) Fifty percent or less of the funding or intended funding for the project is requested from SW REAP.
- (3) The project shows proof it will benefit persons beyond those in the partnership.
- (4) The project does not immediately benefit an individual or give ownership of the rights or benefits of the product/knowledge produced in the proposed partnership to an individual(s). If the product produced does eventually benefit an individual, such as spur a business start-up, SW REAP may expect repayment of the funds. The terms of the approved request will identify the time and means of repayment.
- (5) The partnership agrees to make known in their publicity and as a general courtesy with other audiences that SW REAP is a project partner.
- (6) The SW REAP Board has very limited funds and projects should offer solutions to issues or challenges that on a regional scale (or impact) can seek solutions that can be duplicated.**

Eligible Applicants & Forms

Applicants can be formal or informal groups, local economic development corporations or locally recognized development groups, chambers of commerce, county, city, or tribal entities, a government agency or political subdivision. The application must identify the lead entity that will be responsible for fiscal management and reporting requirements.

Funding Amounts

The fund has no maximum or minimum amounts. In-kind contributions should be included in the project application, but will NOT apply towards the dollar match requirement. Letters or other documentation of support should outline the contribution of the letter writer and/or the contribution of the group he/she represents. Don't include letters that only support the concept of the project.

Allowable Costs

Allowable costs will be determined at the discretion of the SW REAP Board. All funds are distributed as loans.

Distribution of Awarded Funds

Approved project expenditures will be reimbursed by SW REAP or paid under the terms of the loan. In some circumstances, funds can be released prior to expenditures. The SW REAP board requires all expenses identified in the budget be accounted for, and that a written report(s) are submitted according to the terms of the application.

Repayment of Funds

Repayments, conditions, and requirements will be outlined in the Promissory Agreement. The terms of the loan will identify when and how funding is to be repaid.

Development (\$20,000 maximum) Micro Loan Fund Guidelines

Under this loan fund, the applicant(s) must be in the SW REAP Zone, and employ one to ten people, or be a new venture that would be located in, and employ people in, the zone.

Activities Under the Fund

The fund will cover no more than 50% of project costs or \$20,000.00, whichever is less, in any application or combination of applications. For a period of one year from the closing of the loan, the borrower of less than the maximum may apply for additional amounts up to the maximum without submitting a complete application and documents. The loan includes a \$150.00 processing fee.

Match Funding

Match funding must be in cash, and must be sufficient to realistically complete the project, or a full phase of the project.

The applicant must furnish proof the match funding is available before requesting approved loan funds. Such proof may include bank statements, loan approvals from a primary lender, or proof of payments made toward project. In-kind contributions will not be considered as match funding.

Security

Security must be provided. Such security must be equal to the loan amount and may include, but is not limited to, mortgages, titles, stocks, bonds, or other instruments. All costs related to filing of mortgages, UCCs, or other costs will be the responsibility of the borrower.

Additional Application Requirements

- Application must be submitted to SW REAP no less than 14 days prior to board meeting.
- An APPROVED financial statement, credit report, and credit score must accompany the application.
- Two years income tax returns (including schedule C or F) must accompany the application.
- Personal guarantees will be required {mandatory for partnership or limited liability entity}. •
Loan application requires a written statement of sponsorship by the local development entity.

Terms for Repayment

Each applicant will need to enter into an agreement with SW REAP for the repayment of the funds (including fees). All funds loaned must be repaid in regular installments beginning no later than six months from the date of approval. The loaned funds must be repaid in full over a period of not more than five years from the date of approval. Interest will accrue at a rate of 1% per annum, or at such rate as determined by the SW REAP Board.

Default

In the event the Borrower is in default of any of the terms or conditions of the loan agreement, any unpaid sums shall become immediately due and payable, together with interest at the rate of 6% per annum. The SW REAP Board reserves the right to resort to any legal means available to it to collect the same.

In the event proposed projects are not substantially implemented within 180 days following the approval of the agreement, any funds not transferred to the borrower shall be held by SW REAP, and any funds received by the Borrower shall become immediately due and payable upon demand.

Reporting

Upon request, the Borrower will provide information, reports, or a final report, accounting for expenditures, plus proof of match funds. Proof of expenditures may include canceled checks or certified receipts. The Borrower shall provide copies of their financials covering the term of the agreement, if requested by SW REAP.

Micro Loan (\$10,000 Maximum) Fund Guidelines

Under this fund, the applicant(s) must be in the SW REAP Zone and employ one to 10 people or be a new venture that would be located in, and employ people in, the zone.

Activities Under the Fund

The fund will cover no more than 50% of project costs, or \$10,000 whichever is less, in any one application or combination of applications under this fund. The loan includes a \$150 processing fee. Requests can be for business plans, product development, research & development, marketing plans, marketing activities or other business activities as approved by the SW REAP Board.

Match Funding

Match funding must be in cash. Match funding does not have to be equal to the full project cost. It should reflect the first year's operations, if possible, but must be enough of the proposed project to realistically complete the project or a full phase of the proposed project.

The applicant must show proof the match funding is available before they can request the loan funds. This includes bank statements, loan approvals from banks or local funding programs, or by actions completed such as proof of payment made on a contract for deed, etc.

In-kind contributions will not be considered match funding. Applicants may want to include in-kind contributions in their budgets to show the full financial picture of the proposed activity.

Additional Application Requirements

- Application must be submitted to SW REAP no less than 14 days prior to meeting
- **Approved** financial statement, credit report and credit score must accompany application {the financial information will be reviewed by two SW REAP board members whom will submit financial recommendation to the full board}
- Personal guarantees may be required {mandatory for any partnership and limited liability entity}
- Loan applications require a written statement of sponsorship by the local development entity.

Terms for Repayment

Each applicant will need to enter into an agreement with SW REAP for the repayment of the funds (including the processing fee). All funds loaned need to be repaid in monthly installments beginning no later than six months from the date of the agreement, or as set by the Board. The loaned funds must be repaid in full over a period of three years from the date of the approval. The payment amount shall be the quotient of the loan amount divided by the repayment period or \$50/month, whichever sum is greater. No interest will accrue during the first three years of the loan provided the terms are met. The applicant may meet with the Board at any time to discuss repayment options.

Default

In the event the applicant is in default of any of the terms and conditions of the loan agreement any unpaid sums shall become immediately due and payable together with interest at the rate of 6% per annum. The SW REAP Board reserves the right to resort to any legal means available to it to collect the same.

In the event that proposed activities are not substantially implemented within 180 days of the receipt of funds, the funds received shall become due and payable upon demand subject to the conditions listed above.

Reporting

Upon request, the Borrower will provide information or reports, or a final report, accounting for the expenditures, plus provide proof of the match funds being received. Proof of the expenditures may include canceled checks, minutes of meetings authorizing expenditures, or certifications of the auditor or treasurer of the borrower and/or other donators to the project. Please include photos. The Borrower shall provide copies of their financials covering the term of the agreement if requested by SW REAP.



Micro Loan Application Checklist

PO Box 93 - Mott, ND 58646

swreap@gmail.com

701-567-3708

Application (Must be submitted to SW REAP no less than 14 days prior to meeting)

Complete and sign original application

Description (Business Plan)

Who are you, where do you live and what do you do now?

Tell us about your business, length of operations and about your product or services.

What is your business type (Sole Proprietor, LLC, Corporation, etc.)?

What is your business background, and how will that will make you successful?

What do you plan to do with the funds and how will that benefit your business?

How do you know this will work and what is your outlook for the next year?

How will you market your business and who are your competitors?

Indicate jobs created, jobs retained or expansion?

Loan Information

Sources and Uses of funds

Request payment start date and why (must begin within 6 months of approval of the loan)

Letter from your local development corporation, Jobs Development Authority (JDA) or SBDC representative that supports the loan and states the beginning date of payments.

Financial Information

Current credit report, and credit score, for each applicant.

Projected Budget: Anticipated revenues and expenses for one year.

Approved financial Statements (Must be either RIF form to be found at reapmatters.org/funding or a bank approved alternative).

Most recent Personal and/or Business Tax Returns (**First two pages of return plus schedule C**).

Other

Personal Guarantees will be required for partnerships and all limited liability entity applicants.

Partnerships must provide a formal partnership agreement for operations and dissolution of the business.

Bring to the loan review any pictures, brochures or samples that demonstrate your product or service.



Southwest Rural Economic Area Partnership
Executive Director (701)-567-3708
P.O. Box 93, Mott, ND 58646

Application & Request for Funding

Check One: Partnership Fund Micro Loan Fund (\$10,000) Development Loan Fund (\$20,000)

Project Title:

Contact Person:

City, State, & Zip Code:

Phone Number and Cell Number: Email

Address:

Total Project Cost:

Funding Request (Micro Loans include the \$150 Fee):

Match Amount:

Project Start and End Date:

Required Attachments:

Project Description {As described on the Micro Loan Application Checklist}

Loan Information {Source and use of funds, repayment start date, and support letter}

Financial Information {Credit report(s), credit score(s), anticipated revenues and expenses, approved financial statement(s) (can be found at reapmatters.org/funding or a bank approved alternative), security (if required), and tax return(s)}

Personal guarantees (if required), partnership agreement (if required)

Support Documentation {Photos, brochures, etc.}

The undersigned certifies that he/she is duly authorized to verify the foregoing application that he/she has read the same and is familiar with the statements contained herein and that the same are true and correct.

Signature

Date



Southwest Rural Economic Area Partnership
Executive Director 701-567-3708
P.O. Box 93, Mott, ND 58646

Promissory Agreement

Date of this Agreement:

Parties to this Agreement:

Southwest Rural Economic Area Partnership (hereinafter called **SW REAP** or Lender)

And _____ hereinafter referred to as Borrower(s)
Address: _____ City _____ State: ND Zip: _____
Business Representative: _____ d/b/a _____ Phone: _____

1. Loan Amount

Loan Amount: \$ _____ (includes a processing fee of \$150.00)

Match Amount: _____

Monthly Payment: _____ payments of \$ _____ with a final payment of _____

2. Term of the Agreement, Interest, and Repayment

The Borrower agrees to make payments by **automatic deposit** into specified account, beginning _____, and those payments will be equal to the amount borrowed divided by the _____ months remaining of the _____-year loan period. Interest will accrue at a rate of _____ APR. However, all funds need to be repaid in full within _____ years from the date of the agreement (_____) *If the Borrower has not repaid the loan in the agreed upon period, the Borrower agrees to pay a monthly payment of \$ _____ due on the first day of each month and interest in the amount of 6% annually to repay any debt remaining under this agreement. If a hardship exists, the Borrower may meet with the board at that time to discuss repayment options. Principal will become due and payable upon demand if the Borrower defaults, the proposed activity is not substantially implemented within 180 days of the receipt of funds, or if the business is terminated or sold.*

3. Default

The Borrower will be in default if any of the following occurs:

- Payment Default: Borrower fails to make any payment when due under this Agreement.
- Breaks other Promises: Borrower breaks any promises made to Lender or fails to perform promptly at the time, and strictly in the manner, provided in this Agreement.
- False Statement: Any representation or statement made or furnished to Lender by Borrower, or on behalf of Borrower, under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished.

4. Reporting

Upon request, the Borrower shall provide an accounting of the expenditures for all funds identified above, plus proof of the match funds. Proof may include canceled checks or receipts of payments made. The Borrower shall provide copies of business and personal tax statements or other financial documents covering the term of the agreement if requested by SW REAP.

5. Assignment

The Borrower may not assign or transfer this agreement, or any interest therein or claim thereunder, without the prior written approval of SW REAP. If SW REAP consents to such assignment or transfer, the terms and conditions of this Agreement shall be binding upon any assignee or transferee.



Southwest Rural Economic Partnership
Executive Director, 701-567-3708
PO Box 93, Mott, ND 58646

Promissory Agreement (continued)

6. Borrower Liability

The Borrower shall defend, indemnify, and hold SW REAP, its officers, employees, and agents harmless from and against any and all liability, loss, expense, (including reasonable attorney fees), or claims for injury or damages that are caused by, or result from the negligent or intentional acts or omissions of the Borrower, its officers, agents, or employees. The Borrower, at its sole expense, shall maintain general liability insurance and Workers Compensation Insurance (if applicable).

7. Affirmative Action

When applicable, the Borrower agrees the following are incorporated in this Agreement as though set forth in full: The non-discrimination and affirmative action clauses contained in Executive Orders 11246 and as amended 11375, relative to equal opportunity for all persons without regard to race, color, religion, sex or national origin, and the implementing rules and regulations as amended, as well as the Americans with Disabilities Act relative to employment and advancement in employment of qualified individuals with disabilities.

8. Modifications

Any modification to this agreement must be made in writing and is to be signed by the Borrower and SW REAP.

Signature: _____ Owner _____
Title Date

Signature: _____
Title Date

SW REAP Representative Date

Attachments to this loan document shall include:

- * Application – Request for Funding
- * Amortization Schedule
- * Security agreement (if required)
- * Personal Guarantee in the event the Borrower is an LLC
- * Partnership Agreement, if applicable

