State of Louisiana
Office of Community Development
Disaster Recovery Unit
("OCD-DRU")

PROJECT-BASED RECOVERY OPPORTUNITY PROGRAM APPLICATION

CHECKLIST FOR ECONOMIC DEVELOPMENT APPLICATIONS

This checklist should not be included in the submitted application. This checklist is only provided for your information and use during the preparation of your application. All forms listed on this page are required for economic development applications.

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PROJECT-BASED RECOVERY OPPORTUNITY PROGRAM (PROP) APPLICATION GENERAL DESCRIPTION	
1. Applicant Name	
2. Physical Domicile Address	
3. Mailing Address (if different)	
4. Applicant's Email Address	
5. Applicant's Fax Number	
6. Applicant's Parish/Project Location	
7. Total Amount of PROP Funds Requested $	
8. Signature of Applicant	9. Date
10. Typed Name/Title	11. Telephone Number

PROP PROGRAM TIME SCHEDULE

	1st Year				2nd Year				3rd Year			
Private External Financing: **(Loan)**	**Q1**	**Q2**	**Q3**	**Q4**	**Q5**	**Q6**	**Q7**	**Q8**	**Q9**	**Q10**	**Q11**	**Q12**
Land Acquistion												
Building Acquistion												
Building Construction/ Renovation												
Machinery & Equipment												
Net Inventory												
Accounts Receivable												
Operating Expenses												
Private Internal Financing: **(Equity)**												
Land Acquistion												
Building Acquistion												
Building Construction/ Renovation												
Machinery & Equipment												
Net Inventory												
Accounts Receivable												
Operating Expenses												
	1st Year				2nd Year				3rd Year			
PROP Funding	**Q1**	**Q2**	**Q3**	**Q4**	**Q5**	**Q6**	**Q7**	**Q8**	**Q9**	**Q10**	**Q11**	**Q12**
Land Acquistion												
Building Acquistion												
Building Construction/ Renovation												
Machinery & Equipment												
Net Inventory												
Accounts Receivable												

Provide Map(s) Here

PROP PROGRAM
ECONOMIC DEVELOPMENT APPLICANT NAME:

PROJECT DESCRIPTION

PROJECT FEASIBILITY
(Answer each question)

A. Type of Project

Will the project expand a business presently in the community?

_____ Yes _____No

If yes, please describe the existing business and how the project will expand the existing business.

Will the project bring a new business to the community?

_____ Yes _____No

Is the project a start-up company?

_____ Yes _____No

If no, how long has the business been in operation?

_____

Does the business provide an essential and/or important service to a recovery area?

_____ Yes _____No

If yes, please provide an explanation:

What is the Northern American Industry Classification System code?
_____ _____ _____ _____ *

B. Required Attachments

The following items have been attached for each project:

(1) Letter of private investment and jobs commitment participant

_____ Yes _____No _____N/A

* U.S. Department of Commerce

(2) Letter of commitment from lender(s) for remaining financing.

_____ Yes _____No _____N/A

(3) Letter(s) of commitment from other funding sources

_____ Yes _____No _____N/A

(4) Certifications or estimates of project costs from a 3rd party professional

_____ Yes _____No

(5) Projected financial statements for five years, including balance sheet and income statement

_____ Yes _____No

(6) Financial statements (income statement for preceding three years and balance sheet for the preceding four years)

_____ Yes _____No _____N/A

(7) Business data sheet using required format

_____ Yes _____No

(8) Market Feasibility Documentation

_____ Yes _____No

(9) Management Resumé

_____ Yes _____No

(10) Personal Financial Statements (For on all principal owners with 20% or more stock ownership)

NOTE: For a start-up company and project all business and personal financial information normally needed for a loan application will be required. **Personal credit checks on the principal owners** will be made.

NATIONAL OBJECTIVE FORM

LOW TO MODERATE INCOME BENEFIT = JOBS

A Low-Moderate Income Positions

new

(enter for each position; hours per week, hourly wage and number of weeks position will be paid annually - payroll will be calculated)

	Occupation Classification	Hours per Week	Hourly Wage	Weeks Paid	Annual Payroll
1		0	0.00	0	-
2		0	0.00	0	-
3		0	0.00	0	-
4		0	0.00	0	-
5		0	0.00	0	-
6		0	0.00	0	-
7		0	0.00	0	-
8		0	0.00	0	-
9		0	0.00	0	-
10		0	0.00	0	-
11		0	0.00	0	-
12		0	0.00	0	-
13		0	0.00	0	-
14		0	0.00	0	-
15		0	0.00	0	-

B **Non**- Low-Moderate Income Positions

new

	Occupation Classification	Hours per Week	Hourly Wage	Weeks Paid	Annual Payroll
1		0	-	0	-
2		0	-	0	-
3		0	-	0	-
4		0	-	0	-
5		0	-	0	-
6		0	-	0	-
7		0	-	0	-
8					0
9		0	-	0	-
10		0	-	0	-
11		0	-	0	-
12		0	-	0	-
13		0	-	0	-
14		0	-	0	-
15		0	-	0	-

NATIONAL OBJECTIVE
(Continued)

C. Percent low to moderate income benefit

Total Number of Low to Moderate Income Jobs
Total Number of Low to Moderate Income Jobs + Total Number of Non-Low to Moderate Income Jobs = _____

D. Method of recruiting, hiring and training low to moderate income persons by position

E. Attach a current payroll. Include each position by job title.

PROJECT COSTS/LOAN

Project Costs by Activity:

AMOUNT & SOURCE OF FUNDS

Uses of Funds	Sources of Funds: Private Equity/Investors	Commercial Financial Institution Lender(s)	Non-Commercial Financial Institution Lender(s)	Other Public/Non-profit Sources	Disaster Recover CDBG Funds	TOTAL
1. Land Acquisition From Appraisal	-	-	-		- *URA Compliance*	-
2. Building Acquisition From Appraisal	-				*URA Compliance*	-
3. Building Construction From Cost estimate	-				*Labor Compliance*	-
4. Building Renovation From Cost estimate	-				*Labor Compliance*	-
5. Construction Soft Costs From Cost estimate						
6. Capital Equipment From Vendor Quotations	-					-
7. Net Inventory From Projections: Inventory Balance minus Accounts Payable Balance	-					-
8. Accounts Receivable From Projected Balance Sheet	-					-
9. Operating Expenses Projected Cashflow difference between Revenues and Cash Expenses	-					-
10. Total	-	-	-	-	-	-

Projected Financial Statements

PROJECTED OPERATING STATEMENT					
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SALES					
- Cost of Goods Sold					
= GROSS PROFIT					
OPERATING EXPENSES					
Officer Salaries					
SGA Employee Wages					
Other Employee Compensation					
Professional Services					
Sanitation/Water Utilities					
Communications Utilities					
Other Services					
Rent Expense					
Depreciation Expense					
Business Taxes/Licenses					
Other Expenses					
OPERATING INCOME					
NON OPERATING EXPENSES					
Interest Expenses					
Income Taxes					
INCOME AFTER TAX					

Projected Financial Statements
(Continued)

PROJECTED BALANCE SHEET						
	START	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Cash						
Accounts Receivable						
Inventory						
Prepaid Expenses						
Other Current						
TOTAL CURRENT						
Land						
Building						
Machinery and Equipment						
Other Tangible Fixed						
Accum Depreciation						
Intangible Assets						
TOTAL ASSETS						
Accounts Payable Trade						
Notes Payable						
Accruals						
PROP WC Loan						
Other Current						
Total Current						
Long Term Debt (Private)						
Long Term Debt (PROP)						
Other Long Term						
Capital Stock						
Paid in Capital						
Retained Earnings						
Total Equity						
Total Liability and Net Worth						

Projected Financial Statements
(Continued)

MONTHLY OPERATING PROJECTIONS						
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
SALES						
- Cost of Goods Sold						
= GROSS PROFIT						
OPERATING EXPENSES						
Officer Salaries						
Administrative Salaries						
Marketing Salaries						
Other Marketing Expenses						
Legal, Accounting, Insurance						
Rent						
Transportation						
Utilities						
Other/Miscellaneous						
Depreciation						
OPERATING PROFIT						
NON OPERATING EXPENSES						
Interest Expenses						
Income Taxes						

Projected Financial Statements
(Continued)

MONTHLY OPERATING PROJECTIONS						
	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
SALES						
- Cost of Goods Sold						
= GROSS PROFIT						
OPERATING EXPENSES						
Officer Salaries						
Administrative Salaries						
Marketing Salaries						
Other Marketing Expenses						
Legal, Accounting, Insurance						
Rent						
Transportation						
Utilities						
Other/Miscellaneous						
Depreciation						
OPERATING PROFIT						
NON OPERATING EXPENSES						
Interest Expenses						
Income Taxes						

Projected Financial Statements
(Continued)

MONTHLY OPERATING PROJECTIONS						
	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18
SALES						
- Cost of Goods Sold						
= GROSS PROFIT						
OPERATING EXPENSES						
Officer Salaries						
Administrative Salaries						
Marketing Salaries						
Other Marketing Expenses						
Legal, Accounting, Insurance						
Rent						
Transportation						
Utilities						
Other/Miscellaneous						
Depreciation						
OPERATING PROFIT						
NON OPERATING EXPENSES						
Interest Expenses						
Income Taxes						

Projected Financial Statements
(Continued)

MONTHLY OPERATING PROJECTIONS						
	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
SALES						
- Cost of Goods Sold						
= GROSS PROFIT						
OPERATING EXPENSES						
Officer Salaries						
Administrative Salaries						
Marketing Salaries						
Other Marketing Expenses						
Legal, Accounting, Insurance						
Rent						
Transportation						
Utilities						
Other/Miscellaneous						
Depreciation						
OPERATING PROFIT						
NON OPERATING EXPENSES						
Interest Expenses						
Income Taxes						

BUSINESS DATA SHEET

DATE PREPARED _____

NAME OF BUSINESS: _____

ADDRESS: _____ TELEPHONE: _____

DATE STARTED: _____ DATE INCORPORATED: _____

STATE AND PARISH (COUNTY) OF INCORPORATION: _____

FILE OR RECORD NUMBER OF INCORPORATION: _____

IS THIS COMPANY A SUBSIDIARY OR AFFILIATE OF ANOTHER? _____

NAME AND ADDRESS OF PARENT OR AFFILIATE: _____

FEDERAL INCOME TAX STATUS AND FILING OF BUSINESS:

Sole Proprietorship (IRS Form 1040 Schedule C) _____
Partnership (IRS Form 1065 w/Schedule K-1) _____
S Corporation (IRS Form 1120S) _____
C Corporation (IRS Form 1120) _____

NAME UNDER WHICH COMPANY FILES: _____

PRIMARY PRODUCTS OR SERVICES OF COMPANY: _____

NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM:_____ _____ _____

COMPANY OFFICERS AND MANAGEMENT PERSONNEL:

NAME	POSITION (ORGANIZATION)

COMPANY SHAREHOLDERS (20% or more):

NAME	ADDRESS	% OWNERSHIP	OFFICE HELD

BUSINESS DATA SHEET
(Continued)

COMPANY OFFICERS AND MANAGEMENT PERSONNEL: FUNCTIONAL AREA

NAME	RESPONSIBILITY	Resume Attached	
_____	Management	Yes	No
_____	Sales and Marketing	Yes	No
_____	Finance and Accounting	Yes	No
_____	Research or Development	Yes	No

NAME AND ADDRESS OF ACCOUNTING FIRM:

_____

TYPE OF ANNUAL STATEMENTS PREPARED

Compilation _____ Reviewed _____ Audited _____

NAME UNDER WHICH ANNUAL STATEMENT IS PREPARED:

_____

COMPANY'S FISCAL YEAR ENDING DATE: _____

DATE OF ISSUE FOR LAST ANNUAL STATEMENT: _____

ENGINEER OR ARCHITECT'S COST ESTIMATE
(Refer to the instructions for the specific information that must be included herein. Attach additional sheets if necessary.)

Estimated number of weeks of construction: _____

Estimated number of parcels to be acquired: _____

_____ _____

Signature of Licensed Architect/Engineer

Date

Example of Cost Estimate

ENGINEER OR ARCHITECT'S COST ESTIMATE
(Refer to the instructions for the specific information that must be included herein. Attach additional sheets if necessary.)

CONSTRUCTION:

DESCRIPTION	QUANTITY	UNIT OF MEASURE	UNIT PRICE	AMOUNT
Mobilization	Lump	Lump Sum	$	$
10" In-Place Cement Stabilized Base Course		Sq. Yd.	$	$
10" PCC Pavement		Sq. Yd.	$	$
Aggregate Surface Course		Cu. Yd.	$	
24" Corrugated Metal Pipe		Lin. Ft.	$	$
6" PVC Water Main		Lin. Ft.	$	$
8" x 6" Taping Sleeve & Valve		Each	$	
Fire Hydrants		Each	$	$

Subtotal: $_____
Contingencies: $_____
Total Estimated Construction Cost: $_____

ENGINEERING:

Engineering Services				
Basic Services		0.00%		-
Resident Project Representation		0.00%		-
Topographic Surveying	0	hours @	-	-
Property Surveying				
Acquisition	-	hours @	-	-
Construction Layout				-
Construction Staking	0		0	-
Geotechnical Engineering				-
Testing				-
other engr exp				-
other engr exp				-
other engr exp				-
other engr exp				-
other engr exp	0		0	-
Total Engineering Requested				-

TOTAL PROJECT COST: $_____

Estimated number of weeks of construction: _____
Estimated number of parcels to be acquired: _____

_____ _____
Signature of Licensed Architect/Engineer — Date

DISCLOSURE REPORT

PART I - APPLICANT/GRANTEE INFORMATION

1. Applicant/grantee name and address: _____

_____

_____

Phone # _____ Federal Employer ID # _____

2. This is an: Initial Report _____X_____ Updated Report _____

3.
a. Brief Description of Project Assisted/to be Assisted

_____

_____

b. Amount of PROP funds being requested: . . . . . _____

PART II - THRESHOLD DETERMINATIONS

1. Is the amount listed at 3.e. (above) more than $200,000? Yes _____ No _____

2. Have you received or applied for other HUD assistance (through programs listed in Appendix A of the Instructions) which when added to 3.e. (above) amounts to more than $200,000?

Yes _____ No _____

If the answer to <u>either</u> 1. or 2. of this Part is "yes", then you must complete the remainder of this report.

If the answer to <u>both</u> 1. or 2. of this Part is "no", then you are not required to complete the remainder of this report, but you must sign the following certification.

I hereby certify that this information is true.

_____ _____

(Applicant Signature) (Date)

PART III - OTHER GOVERNMENT ASSISTANCE PROVIDED/APPLIED FOR

Provide the requested information for any other Federal, State and/or local governmental assistance, on hand or applied for, that will be used in conjunction with the PROP program. (See Appendix A of the Instructions for a listing of the HUD programs subject to disclosure.)

Name and Address of Agency Providing or to Provide Assistance	Name of Program	Type of Assistance (loan, grant, etc.)	Amount Requested or Provided

Alphabetical Listing of All Persons With a Reportable Financial Interest in the Project	Social Security # or Employer Identification # (Optional)	Type of Participation in Project	Contract Execution Date	Financial Interest In Project $ and %

PART V - EXPECTED SOURCES AND USES OF FUNDS

This Part requires you to identify the sources and uses of all assistance, including PROP, which have been or may be used in the project.

Source	Use

PART VI – CERTIFICATION

I hereby certify that the information provided in this disclosure is true and correct and I am aware that making any materially false, fictitious, or fraudulent statement or representation may subject me to criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, I am aware that if I materially violate any required disclosure of information, including concealing a material fact, I am subject to being fined under this title or imprisoned not more than five years, or both.

_____ _____

(Applicant Signature) (Date)

SIGNATURE OF APPLICANT

TYPED/NAME AND TITLE OF APPLICANT

DATE

INSTRUCTIONS

General Description Form (page 3)

Item l: Enter applicant name (name of business and name of individual(s) submitting application).

Item 2: Enter physical address of applicant (Street address, name of city and zip code)

Item 3: Enter mailing address of applicant (P.O. box or street address, name of city, and zip code plus four digits). (Note: For the four digit number, please contact your local post office).

Item 4: Enter an Email address for the applicant. If the applicant does not have an Email address, enter "Not Applicable".

Item 5: Enter applicant's FAX number. If the applicant does not have a FAX number, enter "Not Applicable".

Item 6: Enter the Parish in which the applicant is located and the parish in which the project will be located.

Item 7: Enter the total amount of funds being requested

Item 8: The individual(s) submitting the application must sign on line 8.

Item 9: Enter the date the application was signed.

Item 10: Type or print the name(s) and title(s) of the individual(s) signing the application.

Item 11: Enter the applicant's telephone number.

Time Schedule/Program Activities (page 4)

A PROP award may have a duration of three years (twelve quarters). In this section, for each major activity, indicate the projected expenditures by quarter. The expenditures should reflect all funds (PROP and other) being projected for each category. These projections should correspond with the financial projection forms.

Projected employment should be entered each quarter for the additional employees hired each quarter.

Maps (page 5)

A map(s) that delineates the following items for the target area must be included in the application package:

1. census tracts and/or block groups by number;

2. location of proposed improvements;

3. identify related and adjacent landmarks and facilities; and

4. specific location of each activity.

Project Description Form (page 6)

You must describe the business's operation:

~sales history of business and overall market
~product development
~growth and expansion potential
~sources and uses of financing including debt repayment

You must provide a brief description of the specific uses of the PROP funds and the role they will play in the total project. Quantitative information is required.

Any acquisition of real property with PROP Program funds may be subject to the dictates of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, commonly referred to as the "Uniform Act". The acquisition of real property with PROP Program funds or other funds in conjunction with the project must be explained in detail whether the acquisition occurs prior to or after the receipt of PROP funds. If the real property has already been acquired, document in detail how the fair market value of the property acquired was determined.

It is vital to recognize that PROP Economic Development funds are intended to generate long term employment accessible to low and moderate income persons by stimulating new private investment in the community. To the extent practicable, no PROP funds should substitute for available private funds or for other non-federal funds for infrastructure projects (24 CFR 570.209(a)(3)).

At the end of the project description, you must provide names, addresses and telephone numbers for the following:

1. Private participant contact person
2. Other public participants.
3. Persons who prepared the financial projections and previous financial statements
4. Persons who provided certifications or estimate of project costs.

Project Feasibility (pages 7-8)

The applicant must provide documentation assuring that the project is viable, costs have been accurately projected, and any loans can be repaid. The State must be able to determine the project is financially feasible, that the private sector participant has the financial resources to carry out the project, and is economically feasible; in other words, that the private sector resources can produce the employment and

output projected (24 CFR 570.209 (a)). These assurances require documentation, e.g. letter of financial commitment, estimates of construction costs signed by a State registered engineer or architect, prior history financial statements, etc. The private sector participant must accurately identify the North American Industry Classification System code. Applicants can obtain this information from the following website http://www.naics.com/search.htm. In completing this part of the application, you must answer the six questions under **A. Type of Project**, and provide the requested information listed under **B. Required Attachments**, and answer yes or no as to whether that information is attached. In preparing or requesting the attachments, applicant should review the following requirements:

1. Private Sector Participant B.(1)

   The private sector participant's commitment letter must be a firm commitment to undertake the project. The commitment letter must:

   - Be on a letterhead of the firm;
   - Be signed by an official authorized to commit the organization;
   - Clearly indicate that the signatory has the authority to commit the organization;
   - State a willingness of the signatory to sign a legally binding commitment upon award of an PROP loan;
   - State the total amount of private funds to be committed to the project;
   - Must provide a clear statement of the developer's concept of the project; i.e., the location, scope, and cost of the project and the developer's role in the project.
   - Must state the present financial condition of the business to include acknowledging that all debts and contingent liabilities have been disclosed; and

   The developer must also state the specific reason(s) for the PROP assistance and describe the appropriateness in quantitative terms. The State must be able to verify that the firm's need for funds is appropriate to the project.

2. Financing Sources B.(2) and (3)

   Financial sources must be disclosed in this section. Evidence of commitments from private sources is required. The State must be able to determine that the source of funds is committed, that the terms and conditions of the funds are known, and the source has the capacity to deliver (24 CFR 570.209 (a)(2)). This is accomplished by attaching a copy of a letter from the lender which must specify the following:

   - Amount of Loan and or Equity Capital: The financial source states the amount of the loan being provided.

- Type of Loan and or Equity Capital: Statement of the type of financing which is being provided: Construction financing, interim financing, or permanent financing.

- Terms and Conditions: The financial source sets forth the terms and conditions of the financing activity, such as:

  - the purpose of the loan and the description of activities or improvements to be financed with the loan;
  - the interest rate; (specific percentage rate)
  - the term; and
  - security and collateral requirements.

- Contingency: The commitment may be made contingent upon approval of the PROP award. If the lending sources have any questions concerning the PROP participation prior to their commitment, they are strongly encouraged to contact the State.

The lender's letter may be a contingent letter rather than a commitment letter at the time the application is filed. The letter must be on the letterhead of the financial institution and it must be signed by a responsible official authorized to commit the institution. However, the lender involved must have completed the credit analysis and other loan approval steps necessary to make a decision on the loan approval and be willing to state that the project meets all the bank's credit criteria.

Other funding sources must also be noted in this section. Such funding sources could include other state and local financial instruments, contribution from other sources or private loans. Loans from non-lending institutions must substantiate their capacity to finance the indicated activities.

3. Project Costs B.(4)

Documentation of total project costs by major element (e.g., construction cost, machinery, land acquisition, etc.) is required (24 CFR 570.209 (a)(1)). The applicant must attach estimates or certifications of construction costs (e.g., architects or engineers) and estimates for the purchase of equipment. Third party estimates are required. Activities that are not adequately documented may be considered ineligible for funding.

4. Pro Forma Financial Statements B.(5)

The applicant should use the included Projected Financial Statements, which will be used to document the long and short range economic and financial feasibility of the project (24CFR 570.209 (a)(4). **The applicant may use his own pro forma statements if they are equally detailed.** The information in the format requested not only facilitates a conventional financial analysis of the project, but also the economic analysis in regards to employment and output growth.

5. Financial Statements B.(6)

For existing businesses, the previous three years income statements and balance sheets must be included. These statements should be prepared in accordance with Generally Accepted Accounting

Principles and signed by the preparer. An audited financial statement is preferred when it is available. If audited statements are not available, then tax returns may be requested.

If applicant provides a reviewed and/or compiled set of financial statements that do not contain an explanation of existing financial obligations, please attach a separate explanation and the necessary support documentation for any financial obligations.

6. Business Data Sheet B.(7)

The applicant must provide basic information on the company's structure, history and ownership as outlined in the included Business Data Sheet.

7. Evidence of Feasibility B.(8)

The applicant must document the long and short range economic feasibility of the project by submitting information to substantiate the sales projections (24 CFR Part 570 Appendix A (4)). For existing manufacturing businesses, letters from potential customers indicating the possible sales volume can be used. For businesses that do not have identifiable or established customers, a general feasibility study can be used. The study should cover at least the following topics: trends in product demand and industry growth, local-regional-national competition, market share, advertising and pricing policies, and the location's input advantages such as labor, transportation and national resources.

8. Management Resume B.(9)

The applicant must submit a short resume on each of the principals of the business summarizing their previous business experience including quantitative data such as sales volume, number of employees supervised, and years of experience (24 CFR Part 570 Appendix A (4)(ii). Education and other formal training should also be included. The resumes should be annotated to identify who is responsible for the areas of sales, finance and accounting, and production. The State must be assured that adequate expertise is available to make the project successful.

9. Personal Financial Statements B.(10)

The applicant must provide personal financial statements for all principal owners (20% or more stock ownership) in a format as detailed as the Small Business Administration Form 413.

National Objective (pages 9-11)

Section A: Low To Moderate Income Positions

In this section, specify the projected number of low- and moderate income jobs that will be created by the project. The purpose of this part of the form is to demonstrate that the project benefits low- and moderate income persons (24 CFR 570.208(a)(4). Enter the number of positions by job title of the permanent jobs to be created indicating which jobs require special skills or education, and which jobs are part time if any, that will be filled by persons meeting the definition of low/moderate income (24 CFR 570. 506 (b) (5)(i)(2)).

Low-Moderate income position: In order to qualify as a person from a low-moderate income family, the total annual family income cannot exceed the low-moderate income limits of the area in which he resides. Jobs can be considered available to low and moderate income persons if special skills that can only be acquired with substantial training or work experience or education beyond high school are not a pre-requisite to fill such jobs, or the business nevertheless agrees to hire unqualified persons and provide them training; and the award recipient takes actions that would ensure that low and moderate income persons receive first consideration for filling such jobs (24 CFR 570.483 (4) (iii) (A)). To meet this requirement, a specific hiring plan or methodology may be used/proposed by the employing business or firm. Examples include: i) specific hiring plan that uses referrals from the Louisiana Job Service Office; ii) use of long-term unemployment as a hiring criteria by the company; and/or, iii) implementation of a specific training program to guarantee employment to unskilled and semi-skilled job applicants.

Section B: Non Low To Moderate Income Positions

In this section, specify the number of jobs that will be filled by non-low and moderate income persons.

You must provide the following information for each occupational classification identified in Sections A and B.

Occupational Classification - Identify each job by its occupational classification according to the U.S. Department of Labor Standard Occupational Classification System. This information can be found at the Bureau of Labor Statistics home page http://www.bls.gov/soc.

Find the appropriate occupation under the major category and continue to search. For example, if the business is going to hire someone to assemble electrical equipment, such as an electric motor, you would search the broad category: Production Occupations (51) on the Standard Occupational Classification page and continue to Assemblers and Fabricators (51-2), then select Electrical, Electronics, and Electromechanical Assemblers (51-202) and finally search Electrical and Electronic Equipment Assemblers (51-2022).

Hours Per Week – Enter total number of hours that each individual job classification is expected to work each week.

Hourly Wage or Salary - Enter the hourly wage or annual salary for managerial personnel to be paid each classification.

Section C: Percent Low To Moderate Income Benefit

To obtain the percent of low-moderate income benefit, divide the total number of low-moderate income persons hired or retained (Section A) by total number of full-time equivalent jobs from Sections A & B.

Section D: Method of Recruiting, Hiring and Training Persons in Target Income Group

Indicate how the applicant will ensure that the commitment to the percent of low moderate income persons entered in Section A for new or retained jobs will be held by the low/moderate income group(24 CFR 570.506(5). If this information is contained in an executed employment or training plan, please indicate that and attach a copy of the plan. This plan should include minimum qualifications for each position, expected duration of training, source of training, etc.

Section E: Additional Information for Existing Businesses

In order to assist the office in documenting the benefit to low moderate income persons based on the creation of jobs (24 CFR 570.506(5), the following will be required from existing businesses:

Each applicant that is an existing business will have to provide a current (at the time of application) payroll identifying each position by job title.

Project Costs (page 12)

To the extent practicable, PROP funds used to finance economic development activities should be disbursed on a pro rata basis with other funding sources (24 CFR Part 570 Appendix A (6)). These forms will help the PROP staff determine the timing sequence of the different cost components of the project.

You should exercise extreme caution in completing this form and call PROP staff before making any changes such as combining two line-items.

In completing Project Costs by Activity, you must break down the costs by use of funds (lines 1 through 9) and by the source of these funds. Then, all costs should be totaled (line 10 and last column). For example, on line 1, land acquisition, if the developer is acquiring the land with his own funds, you would put the cost under private equity column. If he is borrowing funds to pay for part of the land, you would then put his portion under private equity and the borrowed portion under the lender column. All PROP funds should be placed in the disaster funds column in the appropriate use of funds.

Projected Financial Statements (pages 13-18)

Five Year Annual Projections:

Five Year projections of operations and balance sheets are required of all applicants. **The formats are recommendations and the applicant may substitute their own projections.** However, operating statements must provide all the detail regarding employment costs (wages and salaries and indirect employment costs) so OCD-DRU may review them for consistency with employment projections elsewhere in the application. The first year projection can be an entire year or the completion of the business's current fiscal year.

Two Year Monthly Projections:

Two year operating projections are required for all loan applicants. **The formats are recommendations and the applicant may substitute their own projections.**

Business Data Sheet (pages 19-20)

The Developer must provide some basic information on its history, legal status, and ownership in order to help OCD-DRU develop a Written Agreement.

Engineer or Architect's Cost Estimate (page 21)

All proposed construction activities must be accompanied by a detailed cost estimate prepared and signed by a Professional Engineer or Architect licensed in the State of Louisiana. The cost estimate shall contain the cost of construction, engineering fees, and related costs. The construction estimate shall be a listing of construction items (as a bid proposal), estimated quantity, unit of measure, unit price, and amount. A maximum of 10 percent is allowed for construction contingencies.

Engineering and/or Architect fees shall be identified by type in a line item format. Typical items include basic services, resident project representative, surveying (topographic), surveying (property acquisition), construction staking, geotechnical investigation, and testing.

If any other funds (federal, local, etc.) will be used to complete the project, then the cost estimate must identify the amount of those funds as well as the specific use of those funds.

The cost estimate must identify the estimated number of weeks of construction and the estimated number of parcels to be acquired.

An example can be found on page 22.

Disclosure Report (pages 23-27)

All applicants for or recipients of PROP Funds must complete and submit Parts I and II of the Disclosure Report. At the completion of Part II of the report, some applicants/recipients will find that they must also complete Parts III, IV, V and VI of the Report.

Part I requires the applicant's name, address, phone and federal employer identification number; provide a brief description of the project and the amount of PROP funds being requested . The requirements for update reports are discussed on the following page.

Part II requires information on <u>any other</u> Federal, State and/or local assistance that is to be used in conjunction with the PROP program. "Other government assistance" is defined as including any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit or any other form of direct or indirect assistance from the Federal government, the State (other than the PROP assistance requested/received the application/grant award), or a unit of general local government, or any agency or instrumentality thereof, that is available, or is expected to be made available with respect to the PROP project or activities. For purposes of this definition, other government assistance is expected to be made available if, based on an assessment of all the circumstances involved, there is reasonable grounds to anticipate that the assistance will be forthcoming or if other funds were identified in the application. If the applicant has no other government assistance to disclose, then state "No other government assistance has been applied for or will be provided" on this form.

Part III requires the identification of interested parties. Interested parties are persons and entities with a reportable financial interest in the project. Person and “entity” means an individual (including a consultant, lobbyist, or lawyer), corporation, company, association, authority, firm, partnership, society, state, unit of general local government, governmental entity or agency, Indian tribe, and any other organization or group of people. If an <u>entity</u> is being disclosed, the disclosure in Part IV must include an identification of each officer, director, principal stockholder or other official of the entity. <u>All</u> consultants, developers or contractors involved in the application for PROP assistance, or in the planning, development or implementation of the project, must be identified as an interested party. Also, any other person or entity that has a pecuniary interest in the project that exceeds $50,000 or ten percent of the PROP assistance, whichever is lower, must be listed as an interested party. Pecuniary interest means any financial involvement in the project, including (but not limited to) situations in which an individual or entity has an equity interest in the project, shares in any profit or resale or any distribution of surplus cash or other assets of the project or receives compensation for any goods or services provided in connection with the project. (The following are <u>not</u> considered interested parties: local PROP administrative staff, recipients of housing rehab assistance, and rehab contractors as long as the rehab agreement is between the property owner and the contractor.) The financial interest in the project must be identified both as a dollar amount and as a percentage of the total amount of the PROP funds.

It is realized that at the time of application, applicants may not be aware of all interested parties since contracts and agreements for goods and services are not generally awarded until after notice of grant award. Subsequent to grant award, as projects are being implemented, funds will be committed to interested parties which will necessitate the submission of an updated Disclosure Report. However, if other governmental assistance is identified under Part II of the Disclosure Report to be used in conjunction with the PROP funds and, if these other funds have been committed to interested parties, then those interested parties must be identified in Part IV of the initial report.

Entry of the social security number or federal employer identification number is optional.

Part IV requires applicants/recipients to identify the sources and uses of all funds to be used in conjunction with the PROP funded project. The sources and uses must include all the other assistance identified in Part III as well as the PROP funds identified in Part I, items 3c. and 3d.

Part V requires a signed certification by the applicant.

Updated Reports

All applicants/grantees who have submitted initial disclosure reports are required to submit updated disclosure reports whenever any of the following instances occur:

1. The applicant/grantee discovers that information was omitted from its initial report or any updated reports.

2. Additional persons or entities can be identified as interested parties. These are persons or entities that did not have a pecuniary interest when the initial or last updated report was submitted.

3. There is a change in other government assistance that exceeds the amount of assistance that was previously disclosed.

4. There is a change in the pecuniary interest of any person or entity that exceeds the amount of all previously disclosed interests by the lesser of $50,000 or ten percent of such interest.

5. For all projects receiving a tax credit under federal, state, or local law, there has been a change in the expected sources or uses of funds that were previously disclosed.

6. There is a change in the expected source of funds from a single source that exceeds the lesser of the amount previously disclosed for that source of funds by $250,000 or ten percent of the funds previously disclosed for that source.

7. There is a change in the expected sources of funds from all sources previously disclosed that exceeds the lesser of $250,000 or ten percent of the amounts previously disclosed from all sources of funds.

8. There is a change in a single expected use of funds that exceeds the lesser of $250,000 or ten percent of the previously disclosed uses for all funds.

9. There is a change in the use of all funds that exceeds the lesser of $250,000 or ten percent of the previously disclosed uses for all funds.

APPENDIX A

This Appendix contains a list of all the HUD Programs that are subject to the disclosure requirements of the Housing and Urban Development Reform Act of 1989. All applicants for or recipients of PROP assistance must review this list to determine if they are receiving, or expect to receive, assistance from other covered HUD programs besides the PROP Program. HUD funds that are received either directly from HUD or through the State must also be considered. The State administered PROP Program is listed as item 3(v).

It is the total amount of funds received from all of the below sources that the applicant/recipient uses to answer the second question of Part II of the Disclosure Report.

(1) Section 312 Rehabilitation Loans under 24 CFR part 510, except loans for single family properties.

(2) Applications for grant amounts for a specific project or activity under the Rental Rehabilitation Grant program under 24 CFR part 511 made to:

(i) A State grantee under Subpart F;

(ii) A unit of general local government or a consortium of units of general local government receiving funds from a State or directly from HUD (whether or not by formula) under Subparts D, F, and G; and

(iii) HUD, for technical assistance under S511.3.

(Excludes formula distributions to States, units of general local government, or consortia of units of general local government under Subparts D and G, within-year reallocations under Subpart D, and the HUD-administered Small Cities program under Subpart F.)

(3) Applications for grant amounts for a specific project or activity under Title I of the Housing and Community Development Act of 1974 made to:

(i) HUD, for a Special Purpose Grant under Section 105 of the Department of Housing and Urban Development Reform Act of 1989 for technical assistance, the Work Study program or Historically Black colleges,

(ii) HUD, for a loan guarantee under 24 CFR part 470, Subpart M;

(iii) HUD, for a grant to an Indian tribe under Title I of the Housing and Community Development Act of 1974; and

(iv) HUD, for a grant under the HUD-administered Small Cities program under CFR part 570, Subpart F; and

(v) A State or unit of general local government under 24 CFR part 570.

(4) Applications for grant amounts for a specific project or activity under the Emergency Shelter Grants program under 24 CFR part 576 made to a State or to a unit of general local government, including a Territory.

(Excludes formula distributions to States and units of general local government [including Territories]; reallocations to States, units of general local government [including Territories] and

non-profit organizations; and applications to an entity other than HUD or a State or unit of general local government.)

(5) Transitional Housing under 24 CFR part 577.

(6) Permanent Housing for Handicapped Homeless Persons under 24 CFR part 578.

(7) Section 8 Housing Assistance Payments (only project-based housing under the Existing Housing and Moderate Rehabilitation programs under 24 CFR part 882, including the Moderate Rehabilitation Program for Single Room Occupancy Dwellings for the Homeless under Subpart H).

(8) Section 8 Housing Assistance Payments for Housing for the Elderly or Handicapped under 24 CFR part 885.

(9) Loans for Housing for the Elderly or Handicapped under Section 202 of the Housing Act of 1959 (including operating assistance for Housing for the Handicapped under Section 162 of the Housing and Community Development Act of 1987 and Seed Money Loans under Section 106(b) of the Housing and Urban Development Act of 1968).

(10) Section 8 Housing Assistance Payments - Special Allocations - under 24 CFR part 886.

(11) Flexible Subsidy under 24 CFR part 219 - both Operating Assistance under Subpart B and Capital Improvement Loans under Subpart C.

(12) Low-Rent Housing Opportunities under 24 CFR part 904.

(13) Indian Housing under 24 CFR part 905.

(14) Public Housing Development under 24 CFR part 941.

(15) Comprehensive Improvement Assistance under 24 CFR part 968.

(16) Resident Management under 24 CFR part 964, Subpart C.

(17) Neighborhood Development Demonstration under Section 123 of the Housing and Urban-Rural Recovery Act of 1983.

(18) Nehemiah Grants under 24 CFR part 280.

(19) Research and Technology Grants under Title V of the Housing and Urban Development Act of 1970.

(20) Congregate Services under the Congregate Housing Services Act of 1978.

(21) Counseling under Section 106 of the Housing and Urban Development Act of 1968.

(22) Fair Housing Initiatives under 24 CFR part 125.

(23) Public Housing Drug Elimination Grants under Section 5129 of the Anti-Drug Abuse Act of 1988.

(24) Fair Housing Assistance under 24 CFR part 111.

(25) Public Housing Early Childhood Development Grants under Section 222 of the Housing and Urban-Rural Recovery Act of 1983.

(26) Mortgage Insurance under 24 CFR Subtitle B, Chapter II (only multifamily and non-residential).

(27) Supplemental Assistance for Facilities to Assist the Homeless under 24 CFR part 579.

(28) Shelter Plus Care Assistance under Section 837 of the Cranston-Gonzalez National Affordable Housing Act.

(29) Planning and Implementation Grants for HOPE for Public and Indian Housing Homeownership under Title IV, Subtitle A, of the Cranston-Gonzalez National Affordable Housing Act.

(30) Planning and Implementation Grants for HOPE for Homeownership of Multifamily Units under Title IV, Subtitle B, of the Cranston-Gonzalez National Affordable Housing Act.

(31) HOPE for Elderly Independence Demonstration under Section 803 of the Cranston-Gonzalez National Affordable Housing Act

SAMPLE DOCUMENTS

Exhibit V.1

(CORPORATE LETTERHEAD)
SAMPLE PRIVATE COMMITMENT LETTER
LOAN

Louisiana Office of Community Development
150 Third Street
Suite 200
Baton Rouge, Louisiana 70801

To Whom It May Concern:

International Manufacturing has experienced steady growth in the last several years due to the growth in our major market, foreign military sales. We recently have had the opportunity to make a competitive bid on a very large contract with potential sales of up to $4,000,000 a year. This would require an increase of 50% above our present production capacity. To assure a long range commitment to this contract, International Manufacturing must expand its present facility.

The proposed increase production needs by cost are as follows:

Additional Building Construction	$500,000
Machinery and Equipment	550,000
Initial Net Inventory	200,000
Accounts Receivable	120,000
Initial Operating Expenses/Losses	30,000

If this project is undertaken, we will create the following additional jobs at these annual salaries per employee:

1 shift supervisor	$ 28,000
2 foreman	20,000
20 assembly workers	12,500
8 machine operators	14,000
5 clerks/typists	11,000
2 janitors	12,000

Our company has been a successful employer in other communities. Our previous three years operations have yielded the following results:

	91	92	93	
Sales	2,000,00	4,500,000	5,750,000	Our sales for the first
Net Income	160,000	220,000	380,000	six months of this year-$3,400,000

In addition, our company is an equal opportunity employer. We have included within our hiring plan the practice of notifying the local Louisiana State Employment Security Office to obtain referrals of unemployed applicants. Except for the shift supervisor and two (2) foreman positions, all the jobs listed above will be targeted to low and moderate income persons. International Manufacturing agrees to provide all the training necessary to hire low and moderate income persons from the community.

As indicated in the attached letter from the Last Hope National Bank, they would be willing to finance up to 55% of the project. We intend to request a loan of $750,000 from the bank for machines and building construction from the bank.

International Manufacturing will commit $350,000 in corporate equity for working capital investment. The source of these funds are $200,000 in cash and short term investments as evidenced by our most recent financial statement. The other $150,000 will be injected by an outside investor whose personal financial statement is also attached. The company is unable to invest additional equity in the project without abrogating its legal covenants with other lenders to maintain a current ratio of at least 2.0:1.

This leaves an equity gap of $300,000 for the project. We are requesting PROP funds for $300,000 for purchase of the remaining machinery. We believe the necessity of this financing can be verified through an examination of our company's current financial statements as well as the personal financial statements of our stockholders. The company will not be able to raise the remaining $300,000 through its present operations in sufficient time to bid on this contract.

We believe the PROP funds will be a good investment for the community and will be adequately protected by the financial soundness of the company. The cash flow generated from this project will be sufficient to reduce the initially higher debt to equity ratio to at least the industry standard within two years. We think that $300,000 is an appropriate amount for the community to invest in the project for the benefits it will receive.

The International Manufacturing Corporation is committing the above stated equity to the project and is willing to sign a legal binding commitment and to be personally endorsed by all the stockholders of our company upon award of PROP funds. Our financial statements have been prepared in accordance with Generally Accepted Accounting Principles and all the company's debts and contingent liabilities have been properly disclosed. Our company has had positive sales growth and presently has a positive net worth. Our previous federal tax filings are available upon request.

Sincerely,

Leonard Smith
President

Exhibit V.2

SAMPLE LETTER OF INTENT
Financial Institution Letterhead
LOAN

Mr. Smith, President
International Manufacturing
333 Westside Lane
Swampland, Louisiana 70700

Dear Mr. Smith:

We have completed our normal credit review process of your proposal, and have determined that your proposal does meet all the bank's lending criteria; consequently, the Last Hope National Bank would like to express contingent approval in providing permanent financing of your project. Our contingent commitment is based on the long established relationship between our bank and International Manufacturing and the credit-worthiness of your firm.

While terms and conditions will depend on bank policy at the time of loan approval, we are currently looking at the following terms:

Purpose:	Purchase of land and construction of 30,000 square foot building
Amount:	Up to $750,000 or 55% of the project cost
Rate:	Prime plus 12 (Based on New York Prime), which would be 103 as of the date of this letter
Term:	Up to 10 years.
Security:	First mortgage on plant and in solido guaranty of the owners shareholders

It is the understanding of this bank that the remaining $600,000 in project costs will be derived from business equity and Disaster Recovery Community Development Block Grant funds if the project is approved by the Division of Administration. Our approval is contingent upon the award of PROP economic development funds.

All terms and conditions will be subject to the bank's general lending policies at the time of the loan. Further, it will be subject to mutually satisfactory terms, conditions, and documentation. If State or City officials wish to discuss our commitment further they may contract J. Smith in our commercial loan department. His number is 318/001-0001.

We look forward to the possibility of assisting you in this financial arrangement.

Sincerely,

B. Jones
President