



# Northeast Organic Farming Association of Vermont

*An organization of farmers, gardeners, and consumers working to promote an economically viable and ecologically sound Vermont food system*

Dear Loan Fund Applicant,

Thank you for your interest in the Northeast Organic Farming Association of Vermont's Revolving Loan Fund. The loan fund has been established jointly by NOFA Vermont and Chittenden Bank's Socially Responsible Banking Fund.

The motivation for creating the fund came from the bank's increasing number of loan fund requests from small-scale farmers and a needs assessment conducted by NOFA Vermont in 1993. The assessment identified that many organic farmers were having difficulty securing conventional loans, and that there was a significant demand for loans for working capital and equipment.

Given that many conventional lending institutions do not have the time nor the experience in agriculture to work with these farmers, the revolving loan fund was established to provide technical assistance to farmers to help them develop sound loan applications, and to be able to provide short-term financing to farmers who may not be able to secure a loan elsewhere. The application process and timeline is as follows:

- **Loan Application Package**

Borrowers must submit the following information to the NOFA Vermont office:

1. A description of your loan request, including: desired loan amount, how the loan will be used (in dollar amount), how much the whole project will cost and anticipated additional sources for financing, length of loan, and how the loan will be beneficial to your business.
2. A one page business description, including location, type of business, years in business, marketable products and where sold, number of employees, gross sales, physical plant (land, house, barns, greenhouses, livestock inventory, etc.) and other relevant information.
3. Personal Data Sheet (or Joint Applicant Personal Data Sheet if applicable).
4. Trade reference sheet (attached). For applicants who are not able to provide three recent trade references, please send in three letters of reference.
5. A projected budget for the upcoming production season of sales and categorized expenses for your whole business, a current balance sheet listing assets, liabilities and net worth, and a projected twelve month cash flow of gross sales, and expenses if available. Other supporting information for your loan request is helpful, such as crop enterprise budgets.
6. The last three years federal tax forms.



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- **Loan Review Process and Timeline**

1. Completed applications are accepted on a rolling basis. Please submit all information to the NOFA Vermont office. Technical assistance is available for applicants who need help completing their application by contacting the NOFA Vermont office at 802-434-4122
2. The loan fund will conduct a credit history at its own expense.
3. The applications will be reviewed by the Loan Fund Advisory Board. An initial screening will take place and applicants who are declined at this point will be notified. The applicants who are still in the selection pool may get a site visit by the loan fund officer after the initial screening is completed.
4. Final decisions will be made by the Loan Fund Advisory Board.

- **Loan Closing**

Prior to closing, NOFA Vermont will submit a letter of commitment that will detail the closing requirements. In general, all or some of the following documents must be submitted: a promissory note for unsecured loans, a security agreement for secured loans and other security instruments.

- **Repayment Schedule**

NOFA Vermont recognizes that due to the seasonality of agricultural production, and therefore income, it may be difficult for all applicants to pay back the loans monthly. Although we prefer monthly payments, if requested we will review your case to determine if you are eligible for quarterly payments or a combination therein. Technical assistance in financial planning is available to any borrower who is or anticipates having trouble repaying the loan on time.

- **Reporting**

NOFA Vermont may require annual financial reports and quarterly cash flow statements.

If you have any further questions, do not hesitate to contact the NOFA Vermont office.

Sincerely,



Enid Wonnacott, Loan Fund Administrator