

AMERICAN SAMOA VENTURE FUND

ASVF Applicant Eligibility Criteria

(ASG Commerce Staff Use Only)

Directions: Check all appropriate boxes according to information gathered about the project. If check marks **cannot** be placed in “Must Check” boxes, the project or investment is **ineligible**.

1) Entity Size (MUST Check)

- 500 Full Time Equivalent (FTE) employees or fewer, either as a stand-alone corporation or a distinct franchise of another corporation.
- The entity applying for funds is a new or existing for-profit business.

2) 10:1 Private Leverage Ratio (20% Lender/Investor at Risk Requirement) (MUST Check)

- ASVF funding portion does not exceed 9.09% of the total funding package or investment.
- At least 20% of the total investment round has been raised from investors and/or lenders to date for this project.

3) Entity Activity - Prohibited (MUST Check ALL Boxes)

- Not an entity whose main activity is speculative, deriving profits from fluctuations in price (such as oil wildcatting and commodities futures trading).
- Not an entity that earns more than 50% of its annual net revenues from lending activity.
- Not an entity engaged in pyramid sales.
- Not an entity engaged in illegal activities according to federal, territorial or other applicable law (including production, servicing, or distribution of legal products used for illegal purposes).
- Not a gambling enterprise or not an entity that earns 33% or more of its annual net revenues from lottery sales

4) Business Entity Relationships - Prohibited (MUST Check ALL Boxes)

- Not an executive officer, director, or principal shareholder of any financial institution involved in funding the project.
- Not a member of the immediate family of an executive officer, director, or principal shareholder of any financial institution involved in funding the project.
- Not a related interest of any executive officer, director, principal shareholder or member of the immediate family of any financial institution involved in funding the project.
- No principal of the borrowing entity or applying partner has been convicted of a sex offense against a minor.

5) Financing Size (MUST Check Yes)

- Total financing package does not exceed \$3 million.

6) Funding Use

PERMISSIBLE Uses (MUST Check One Box)

- Purchase, construction, renovation or tenant improvements of an eligible place of business, where the business is a tenant or owns the building from which it operates. (These tenant and ownership situations are NOT considered passive real estate investment.) **OR**
- Purchase, construction, renovation or tenant improvements of an eligible place of business, where the property is owned by a holding company (or will be owned by a holding company through the proposed Multiplier funding) AND the criteria below are met (passive real estate exception):
- I. Operating company occupies at least 100% of total rentable square footage.
 - II. Eligible business and operating company have a written lease with a term at least equal to the Multiplier-supported financing.
 - III. Operating company is either guarantor or co-borrower.
 - IV. Operating company and eligible passive company will execute all relevant Multiplier certifications.
 - V. Personal guarantee of any owner of 20% or more of the operating company or passive company.
- Refinancing debt extended by a party other than ASVF, or other than the bank in the current financing package, or its affiliate(s), if applicable. (A construction loan and permanent financing provided by the same bank is permissible.) **OR**
- Refinancing existing debt of current lender – must meet ALL of the following criteria:
- I. Includes new monies (not including closing costs).
 - II. Lender/investor has completed a new approval supported with new underwriting.
 - III. Proceeds used to satisfy maturing/matured debt previously used for SSBCI eligible business purpose.
 - IV. New credit has not been extended for the sole purpose of refinancing existing debt owed to the same lender.
- Start-up costs, working capital, business procurement, franchise fees, equipment, or inventory.

PROHIBITED Uses (MUST Check ALL Boxes)

- Not for refinancing existing debt already outstanding that had been extended by the American Samoa Government, the investing bank or its affiliate(s).
- Not acquisition of or holding passive investments such as commercial real estate or purchasing securities.
- Not for lobbying activities.
- Not for repayment of delinquent federal or state income taxes, unless the entity has a payment plan in place with the relevant taxing authority.
- Not for repayment of taxes held in trust or escrow, e.g., payroll or sales taxes.
- Not for reimbursement of funds owed to any owner, including any equity injection or injection of capital for the business's continuance.

- Not for purchase of any portion of the ownership interest of any owner of the business.
- Not directly enrolling any portion of a SBA- or other federally-guaranteed loan.
- Not for an eligible business occupying and using less than 50% of total rentable square footage (60% if new construction).
- Not for an eligible business whose operating company has a written lease with a term less than the term of the Multiplier-supported financing.
- Not for increasing a pool of funds that generates tax credits.
- Not for enrolling a project in more than one Approved State SSBCI Program for the same loan purpose.

7) Required Certifications of Investment Parties (MUST Check Document B and EITHER Document A or Document C)

- Certification Document A for the borrower or investee (if applicable) has been completed sufficiently.
- Certification Document C for the lender or investor (if applicable) has been completed sufficiently.
- Certification Document B for sex offense certification has been completed sufficiently by **ALL** firm parties required to submit it.

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APPLICATION FOR ASVF FUNDING

Instructions:

- ★ Please respond to the following questions by clicking and typing within the shaded box. Sentences will automatically carry over to the next line; there is no need to hit the “return” key between lines. After completing a question, hit the “tab” key to move to the next line.
- ★ Upon completion, please take a moment to verify the accuracy and thoroughness of your responses. Save the application under “business name-ASVF Application-month-year” and email the completed application in **WORD** format to **rex.thompson@doc.as**.
- ★ For questions about the status of your application, please contact the ASG Department of Commerce at **(684) 633-5155**.

Eligibility:

- ★ Businesses eligible for assistance from ASVF include for-profit new and existing small businesses with 500 or fewer employees. Credit cannot be extended for loans with principal amounts in excess of \$20 million or for the use of ineligible businesses listed in Appendix B.

Applying Partner:

- 1) Name of ASVF applying partner: _____ Primary contact name and title: _____ telephone: _____ fax number: _____ email address: _____

Business Demographics:

- 2) Business Name: _____
- 3) Complete mailing address of business:
Street Address/P.O. Box: _____ City/Village: _____ Zip code: _____
Company website if available: _____
Primary contact name and title: _____ telephone: _____ fax number: _____ email address: _____
- 4) If company, list entity type (LLC, Sole Proprietorship, C-Corporation, S-Corporation etc.): _____
NAICS: _____, DUNS number: _____, Business EIN: _____

Census Tract Number (found by typing the business address into the FFIEC locator at www.ffiec.gov/Geocode/default.aspx. This is a number in the 11-digit format XXXXXXXXX.XX. The first two digits will be the state code, the next three digits will be the county code, and the remaining six will be the census tract code: _____

- 5) Will the business be located at the mailing address listed above? _____ If not, where will the business be located? _____
- 6) What is the population of the city/village the business is located in? _____
- 7) Is the business owned by 51% or more by one of the following (check yes or no on each category):
Female _____ Disabled _____ Veteran _____ Minority _____ Native American _____

If "yes" was marked for Minority, please indicate the race or ethnicity: _____ (NOTE: Data on race/ethnicity are used to evaluate the effectiveness of outreach to diverse demographic groups.)

8) What year was the business incorporated: _____

Project Funding:

9) Amount of funding requested from ASVF (Minimum of \$25,000, Maximum of \$272,700): _____

10) ASVF must achieve a 10-to-1 return on the private capital match, meaning that total funds applied for cannot exceed 9.09% of total capital funds. Venture capital includes equity investments by private sector venture capital funds, seed capital funds, or angel investor networks disbursed or committed to the business as part of the same at closing. See Appendix A for examples of eligible matching funds. Please detail all private capital funding (all funding matches must be verified before execution of an Agreement): _____

Date the round opened: _____ Anticipated date round will close: _____ Total funds raised in this round to date: _____ Total cash on hand as of application date: (if different - please provide use of funds from current round): _____

Requested Amount divided by total capital investment = _____ * (100) = _____ (answer must be 9.09% or less)

Example: $\$150,000 / \$2,000,000 = 0.075 * (100) = 7.5\%$ (qualifies)

NOTE: At the time of application it is required that at least 20% of the total investment round has been raised for this project.

11) Please provide current ownership table, pre- and post-funding, including shares/units cost. If information does not fit in the provided box, please include an attachment. _____

12) Detail the recommended terms for the investment: _____

13) Is the applying partner providing funds? ----- Details (amount and terms of the loan): _____

14) List fees required by the ASVF partner to administer the investment (fee amount, reasons for fee, etc.):

15) Date funding is needed (if the answer requires additional explanation, please provide it here):

16) List any additional funding (not already listed above) that does not qualify as a private capital match (Example: government revolving loan or grant funds). Please include dollar amount after each listing: _____

17) Are the funds for a business startup, the expansion of an existing business, asset purchase from an existing business or retention of a current business? Provide relevant details (length of time in business, business name or entity changes, etc.): ----- Details: _____

18) Describe the type of business, its owners, and key employees (regarding employees: specifically discuss management in terms of skill set/knowledge, leadership and experience): _____

19) ASVF moneys can be used for startup costs, working capital, commercial real estate acquisition, asset purchases, inventory financing, franchise financing, construction, and expansion. Please select which of these uses best describes the project funded by the amount requested in this proposal: -----

20) Please describe the project in detail and provide a breakdown of how the funds will be allocated for this project. Also list the names and dollar amounts of funding to be used by each source: _____

21) Sales Forecast; who is the business' target market:

22) Enter the Business' Full Time Equivalent employees, rounded to the nearest whole number. For example, if a business has 100 employees working full-time and 50 employees working 20 hours/week, the total number of FTEs would be 125. This is derived as follows: $(100+(0.5*50))$. For seasonal employees, base the FTE count on a 2000-hour year (so that an employee who works for 500 hours counts as 0.25 FTEs)

Current Full-Time Equivalent Jobs: _____

Headcount of all FT employees, including owner(s): _____ Headcount of all PT employees: _____

If applicable, FTE jobs saved/retained as a result of the ASVF funds: _____

If applicable, FTE jobs anticipated in the next two years: _____

If the business reported sales at the end of the last fiscal or calendar year, please provide the sales and profit information below. If the business is new, please provide projected sales for the upcoming year end.

Annual revenue: _____ actual/projected: _____ Corresponding Year _____

Annual net income/(loss): _____ actual/projected: _____ Corresponding Year _____

Provide projected sales and sales growth from this project: _____

23) Describe how the use of ASVF funds significantly enhances the ability of this project to move forward:

24) Does the entrepreneur or small business owner have a tax liability in arrears with the American Samoa Government or the IRS? _____ If so, please provide details and any authorized payment details:

25) List other ASVF resource partners and the contact person that have or will assist with the project and their role of contribution: _____

26) If other community organizations or community leaders not previously mentioned are involved or have expressed support, please explain: _____

27) List and describe any milestones for success that are planned to track the project: _____

28) Describe the benefits of the project to American Samoa and the ASVF: _____

29) **Please attach a copy of the executive summary in an MS Word document.** Please check if here if it is attached:

30) *Upon approval of this proposal for funding, the business agrees to supply information on an annual basis pertaining to profit/loss, revenue, jobs, and subsequent financing.*
The entrepreneur has reviewed the completed proposal and agrees with responses provided by the applying partner. By typing his/her initials here, the business primary owner agrees with the contents of this proposal. _____

Appendix A

Leveraging sources may include:

- ★ Equity investments by private sector venture capital funds, seed capital funds, or angel investor networks disbursed or committed to the business as part of the same transaction at closing.
- ★ Transaction-level debt from any private sector source disbursed or committed to the business at the closing of the investment using SSBCI funds.

Appendix B

Ineligible Businesses:

The proceeds of loans financed through the ASVF shall not be used for the following prohibited purposes (in addition to the prohibited purposes in Sections 3005(e)(7) and 3006(f)(2) of the Small Business Act):

1. Refinancing existing debt where the lender is in a position to sustain a loss and either the American Samoa Government or United States Government would take over that loss through refinancing.
2. Effecting a partial change of business ownership or a change that will not benefit the business.
3. Permitting the reimbursement of funds owed to any owner, including any equity injection or injection of capital for the business's continuance.
4. Repaying delinquent state or federal withholding taxes or other funds that should be held in trust or escrow.
5. Financing a non-business purpose.
6. Refinancing existing debt already outstanding that had been extended by the American Samoa Government, the bank, or its affiliate(s).
7. Acquisition of or holding passive investments such as commercial real estate or purchasing securities.
8. Lobbying activities.
9. Increasing pool of funds that generate tax credits.
10. Directly enrolling any portion of SBA-guaranteed loans.
11. Eligible business occupying and using less than 50% of total rentable square footage (60% for new construction).
12. Eligible business whose operating company has written a lease with a term less than the term of the multiplier-supported financing.
13. Eligible business where the property is owned by a holding company and the operating company occupies less than 100% of the total rentable square footage.
14. Enrolling a project in more than one Approved State Program for the same loan purpose.

In addition, the ASG Department of Commerce shall prohibit the proceeds of loans financed through the ASVF from being used to finance the following ineligible businesses:

1. Real estate investment firms, when the real property will be held for investment purposes as opposed to loans to otherwise eligible small business concerns for the purpose of occupying the real estate being acquired.
2. Firms involved in speculative activities that develop profits from fluctuations in price rather than through the normal course of trade, such as wildcatting for oil and dealing in commodities futures, when not part of the regular activities of the business.
3. Firms involved in lending activities, such as banks, finance companies, factors, leasing companies, insurance companies (but excluding agents of insurance companies), and any other firm whose stock in trade is money.
4. Pyramid sales plans, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants.
5. Firms engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted. Included in these activities are the production, servicing, or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution.
6. Gambling activities, including any business whose principal activity is gambling. While this precludes loans to racetracks, casinos, and similar enterprises, the rule does not restrict loans to otherwise eligible businesses, which obtain less than one-third of their annual gross income from either the sale of official state lottery tickets under a state license, or legal gambling activities licensed and supervised by a state authority.
7. Charitable, religious, or other non-profit or eleemosynary institutions, government-owned corporations, consumer and marketing cooperatives, and churches and organizations promoting religious objectives.