NECESSARY OR APPROPRIATE REVIEW

Select one of the following and provide detailed justification for the need for CDAP funds. Infrastructure-related projects may only use the financial gap argument.

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[ ]   FINANCING GAP - For Economic Development loans, this argument will demonstrate that a business can raise only a portion of the financing necessary to complete the project. Banks and other financial institutions must disclose their legal lending units and other circumstances which would prevent them from financing the project without CDAP assistance. Reference the documentation within the application which supports the argument.

For Infrastructure-related projects, the local government must demonstrate the financial gap argument as the sole rationale for funding. The department will review the local government's audit to ensure that it does not have the capacity to fund the project without CDAP assistance.

Any unit of local government that has in existence a CDAP Revolving Loan Fund must disclose the current fund balance. Executed promissory notes must be provided by the Unit of Local Government for those amounts committed from the CDAP Revolving Loan Funds account, but not yet disbursed to the Borrower.

RLF Balance: $_____

Less immediate Commitment(s): $_____
(List on a separate page with the anticipated date of disbursement of funds)

Total Unobligated balance: $_____

NOTE: An unobligated balance in excess of $15,000 will be subject to a dollar-for-dollar reduction of funds requested for this project.

_____

[ ]   RATE OF RETURN - This assumes that full financing is available, but the rate of return is insufficient to induce development. Provide the rationale and supporting documentation.

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[ ]   LOCATIONAL - This argument is used when a firm is considering location options in more than one state and CDAP funds are needed to equalize cost factor variations between sites. This requires cost disclosures for each site under consideration. The application must contain this supporting documentation.

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