




ECONOMIC DEVELOPMENT
LOAN  **FUND**

A Financing Tool for Small Businesses in Salt Lake City

GUIDELINES

Salt Lake City Corporation
Department of Economic Development
451 South State Street, Room 128
PO Box 145590
Salt Lake City, Utah 84114

Phone: (801) 535-7200
Website: <http://www.slcgov.com/edlf>
Email: edlf@slcgov.com

A. PURPOSE

The Salt Lake City Economic Development Loan Fund's (EDLF) purpose is to stimulate business development and expansion, create employment opportunities, encourage private investment, promote economic development, and enhance neighborhood vitality and commercial enterprise in Salt Lake City by making loans available to businesses. The program's overarching goal is to invest in viable businesses that produce strong economic returns and provide positive social and environmental impacts.

B. ELIGIBILITY

- Businesses must be located in or willing to relocate to Salt Lake City
- Nonprofits must generate sufficient revenue from the venture to cover debt.
- Businesses that have a loan with the city can only apply for an additional loan if the combined total of loans does not exceed the maximum loan amount (\$350,000)
- Loans can be given to different entities that are related in the same business location and for the same business purpose. For example, multiple loans can apply when one entity owns a building and another entity owns the business and the principals of the entities are the same or related to the business purpose; however, the maximum loan amount (\$350,000) applies.

C. LOAN CRITERIA

TYPES OF LOANS

1. Startup business (0-3 years old): Can apply for loans up to \$100,000.
2. Existing business (3+ years old): Can apply for loans up to \$350,000.
 - The Loan Committee can waive the 3-year requirement if borrower(s) can demonstrate comparable experience within the industry.
 - The City Council may approve loans above maximum loan amounts.
3. Microloans: \$25,000 or less

LOAN TERM

6 months to 7 years

Loans may be prepaid, in part or whole, at any time without penalty but may not be transferred.

CREDIT SCORE

No minimum

Each guarantor's credit score will be evaluated on a 0–5-point scale during the loan evaluation process.

COLLATERAL

10% minimum of the loan amount is required for collateral to be eligible to be reviewed by the Loan Committee. Your application will be graded on a sliding scale of 1-10 points. For example, 10% collateral is

worth 1 point. Loan Committee/EDLF Staff may require collateral above minimum requirements depending on the risk of the loan.

INTEREST RATES

Minimum: US Prime Rate

Maximum: US Prime Rate + 8%

Interest rate reduction incentives are based on City goals such as supporting the following:

- Geographic priority areas
- Low-moderate income owners
- Socially and economically disadvantaged individuals (SEDI) business owners
- E2 Green Business and sustainable projects

D. LOAN PROCESS

1. Download the **Part A Application** and submit the completed application to the EDLF Loan Officer (edlf@slcgov.com). The preliminary review generally takes 5-7 business days, a credit check will be run during this time.
2. After the Part A Application is reviewed and you have been notified to proceed to the full application, provide the following:
 - Completed **Part B Application**
 - **\$120 non-refundable Application Fee** payable to Salt Lake City Corporation
 - Call (801)535-7200 to arrange payment.
 - Business Plan
 - The required financial documents including: 3-year business projections, personal and business financials, tax returns, profit/loss statements, balance sheets, and other items as requested in the application or by the EDLF staff.
3. Email (edlf@slcgov.com) or call the City's EDLF Loan Officer to set up a time to review the completed application at (801)535-7200.
4. Once reviewed by the EDLF Staff, your submitted Loan Application will be distributed to the EDLF Loan Committee, and a meeting will be scheduled. At the meeting, Salt Lake City Department of Economic Development will present on behalf of your business and answer any outstanding questions. The Committee meets when necessary to evaluate loan requests.
5. The EDLF Committee will evaluate your loan, and in 5-7 business days you will be notified of the Committee's decision by email or phone.
6. Loan Committee approved loans will be presented to Salt Lake City Council by Salt Lake City Department of Economic Development staff for final approval.

The loan process can take several months depending on the completeness of the application and the Loan Committee's availability.

E. USE OF FUNDS

Uses of the funds are intended to generally support most traditional for-profit and some non-profit organizational business needs, including, but not limited to:

- A business expanding or relocating to Salt Lake City

- Energy-efficient (e2) equipment upgrades and building retrofits.
- Applicant must also apply with the SLC Sustainability Office
- Businesses impacted by construction.
- Construction/tenant improvement and/or real estate acquisition
- Signage, retail presentation, and display work
- Landscape and property improvements
- Fixtures, furnishings, equipment, and inventory
- Working capital and marketing

Uses that are **NOT** approved include:

- Purchasing land and/or buildings or constructing buildings for real estate investments
- Any other kind of passive investment opportunity
- Using the loan for a use not approved by the Committee.
- To relocate a Salt Lake City business to another city
- Supporting an illegal activity or improperly licensed or zoned use

F. LOAN EVALUATION

A loan evaluation matrix will be used by the City’s Loan Committee to rank loan applications based on an applicant’s credit history, ability to repay the loan, management ability, business experience, neighborhood impacts of the business, and fiscal impacts of the loan relating to job creation and retention, leverage of public to private funds, and the collateral requirements enumerated above. The loan evaluation matrix has a total of 100 points, and a loan application generally must receive at least 70 points to be approved.

Existing businesses may also be evaluated in terms of any crime issues relating to the business. Based on a Police Department report, a loan may be denied to any business that has crime issues which the City is not satisfied with the business’s plan of resolution.

LENDER PARTICIPATION

The City encourages participation of private lending institutions and looks favorably at providing funds to fill the gap between the owner’s equity and conventional financing. The City may subordinate its security interest to the private lender.

GUARANTORS

Loans shall be guaranteed by the business and personally by the borrower and personal guarantors (all owners with 20% equity or more in the business are required to be a guarantor). Non-profit organizations are only required to provide corporate guarantees. The Loan Committee may waive personal guarantees in cases of unique corporate structures. ***Personal guarantors are liable to pay back the loan to the City even if the business fails.***

G. REQUIRED DOCUMENTS

In addition to the Personal Financial Statement, the following financial documentation is required for loan consideration. Please submit copies electronically and keep the original documents.

BUSINESS TAXES

For businesses established three or more years, corporate federal and state income tax returns for the previous three years, or for the year of operation are required.

BUSINESS FINANCIALS

For existing or operating businesses, provide audited (preferred) or unaudited/internally prepared corporate financial statements comprised of a profit and loss statement, and balance sheet for three years (or the number of years in operation), as well as the most recent month-end or quarterly financial statements.

Please be advised that some applicants may be asked to provide financial statements for related businesses or businesses in which the guarantors also have substantial ownership of, particularly if the business applying for a loan has been in existence for less than three years.

PERSONAL TAXES/OTHER INFORMATION

Three years of federal and state income tax returns including all schedules and W-2 forms are required for the member(s) of the legal structure of the business (sole proprietor, partners, and principal officers) who own more than 20% of the business, and each guarantor. If real estate is pledged as collateral, the applicant must also provide a recent mortgage statement as well as evidence of the collateral value.

BUSINESS LOCATION INFORMATION

Provide a copy of the existing or proposed lease agreement or mortgage statement, or evidence of site control.

ARTICLES OF INCORPORATION

Provide a copy of the existing or proposed Articles of Incorporation to legally document the creation of the business.

BUSINESS PLAN

A business plan serves as a company's road map, defining a clear goal of what the company will become and how it is going to get there. The plan should convey a thorough understanding of the purpose of the business, who the target market is, the competitive environment, and how the company will adapt to fulfill its objectives. The business plan should also include a complete analysis of the funds needed to meet its objectives including a current financial snapshot and projections. A business plan is an extremely important and useful tool for a business owner to evaluate strengths and weaknesses, seek out areas of improvement, and find the best way to reach financial objectives. While your business plan is necessary

for your EDLF loan application, your plan can also be used to attract additional funding sources from banks and investors.

All loan requests over \$25,000 MUST provide a full business plan. Microloans (loan requests under \$25,000) must provide at least an executive summary but may also be required to provide a full business plan at the discretion of the Loan Committee/EDLF Staff.

YOUR BUSINESS PLAN SHOULD INCLUDE THE FOLLOWING:

- Executive Summary
- Description of Product/Services
- Target Market & Marketing Strategy
- Neighborhood/Human/Environmental Impact
- Management Team (bios or resumes)
- Financial Structure
- Future Plans

H. CHECKLIST

SUBMIT APPLICATIONS

- Part A Application
- Part B Application

PAY APPLICATION FEE

- \$120 check or credit card payment to Salt Lake City Corporation

REQUIRED DOCUMENTS

BUSINESS PLAN

- Executive Summary
- Product/Service Description
- Target Market & Marketing Strategy
- Neighborhood/Human/Environmental Impact
- Management Team (with bios or resumes)
- Financial Structure

FINANCIAL DATA

- Profit & Loss Statements for 3 previous years and most recent quarter or month
- Balance Sheets for 3 previous years, and most recent quarter or month
- 3 Year Financial Projections (pro forma); may be part of business plan
- Explanation of any derogatory credit report information
- Personal 3-year tax returns (for all guarantors)
- Existing companies, 3-year business tax returns (or number of years filed)

LOCATION

- Lease (copy of lease agreement) Own (mortgage statement)

COLLATERAL

- Evidence of collateral value

LEGAL STRUCTURE

- Sole Proprietorship LLC Corporation Partnership Nonprofit Other
- Articles of Incorporation (including by-laws, Capitalization Tables, etc.)
- Verification of disadvantaged business owner status
(Federal certification, income verification, Veteran ID, etc.)

SUBMIT PAPERWORK

- Submit materials electronically or to our office:
City and County Building
451 South State Street, Room 128
Salt Lake City, Utah 84114
OR electronically to edlf@slcgov.com