

**MICRO-ENTERPRISE/BUSINESS GROWTH
REVOLVING LOAN FUND PROGRAM**

GUIDELINES AND LOAN APPLICATION

ADMINISTERED BY:

**Southeastern Utah
Association of Local Governments
(SEUALG)**

**SOUTHEASTERN UTAH REVOLVING LOAN FUND
Micro-Enterprise/Business Growth Fund
San Juan Small Business Loan Fund
Seed Capital Fund**

PRELIMINARY INFORMATION

The enclosed packet of information represents the general data a business will need to have on hand when making an application for a loan from the Southeastern Utah Micro-Enterprise/Business Growth Fund, San Juan Small Business Loan Fund, and Seed Capital Fund.

The general guidelines for participation in the funding program are:

RLF Participation

1. The Micro-Enterprise/Business Growth Fund and San Juan Small Business Loan Fund are used primarily for "gap" financing. A primary lender providing at least 2/3 of the project funds will be necessary. The RLF maximum participation will be 1/3 of the required project costs with a **loan limit of \$80,000**.
2. A third fund, called Seed Capital Fund, will function in a similar manner. There is a **\$10,000 loan limit** and no other lender is required.

Eligible Types of Financing

Funds will be eligible for use as a source for the following financing:

1. Permanent take-out financing for the expansion of business facilities in Carbon, Emery, Grand or San Juan County;
2. As a source of financing for the acquisition of machinery or equipment used at the local place of business;
3. As a source of working capital.

Eligibility Requirements and Lending Terms

All business plans must demonstrate they are economically viable. The objective of creating permanent, private sector jobs require that the plan's overall feasibility and job creation potential be emphasized. **Application for refinancing existing debt will not be considered.**

The focus of the financing programs is to support strong local companies who require capital for expansion and new businesses that show the potential for growth in the targeted sectors identified for each community.

WHEN SUBMITTING AN APPLICATION PLEASE INCLUDE THE FOLLOWING:

- \$75.00 application fee
- Business Plan
- Application
- Three years business income tax information
- Three years business cash flow projections
- Three years personal income tax information
- Bank Denial letter

Existing businesses located in Carbon, Emery, Grand and San Juan County and companies moving into the four counties will be eligible; however, companies relocating facilities from communities outside the four-county district will not be eligible. The guidelines and minimum criteria for eligibility are outlined below:

MICRO-ENTERPRISE/BUSINESS GROWTH FUND

<p><u>Application Deadline:</u> Year round</p>	<p><u>Borrower:</u> Owner-user businesses For-profit companies - Non-profit entities</p>
<p><u>Type of Business:</u> Industrial/Manufacturing Retail/Commercial - Service - Information Technology - Professional</p>	<p><u>Leverage:</u> Minimum 2:1 private/RLF, Seed Capital Fund</p>
<p><u>Use of Proceeds:</u> Fixed Assets including: Land and building - Construction and renovation - Machinery and equipment Leasehold improvements - Construction financing - Working Capital where: *Plant expansion involving construction and acquisition are occurring, and Working capital is <u>fully collateralized</u> with fixed assets *A private lending institution is providing a portion of the financing Note: No <u>refinancing</u> will be eligible</p>	<p><u>Collateral:</u> The RLF must take collateral position in assets financed or assets pledged. Generally, second lien positions will be accepted. Collateral value as established by appraisal (real estate and used equipment) or cost verification must be adequate to secure loan. <u>Personal Guarantees:</u> Required for all projects</p>
<p><u>Equity:</u> Flexible. No 100% financed projects will be considered. A minimum 5-10% equity will be targeted.</p>	<p><u>Borrower Fees and Costs:</u> \$75.00 non-refundable application fee 1.5% loan origination fee. Credit fees as necessary</p>
<p><u>Maximum Amount:</u> \$80,000 RLF per project. No minimum project size</p>	<p><u>Interest Rate:</u> Up to 4 Points below the Wall Street Journal Prime Rate (fixed over the loan term), but not less than 4%.</p>
<p><u>Job Creation Criteria:</u> Emphasis on job-creating projects; one job created for every \$12,000 to \$15,000 of RLF . 51% of jobs must be made available to persons of low to moderate income, minorities or women. All new jobs must provide an income of at least \$5.00 per hour</p>	<p><u>Term of Loan:</u> For real estate: 10 years amortization; 5-year call * For machinery/Equipment: 3-5 year amortization; 3-5 year call, based on asset life *For working capital: Negotiable amortization, 3-5 year call based on repayment ability</p>

SEED CAPITAL FUND

<p><u>Application Deadline:</u> Year round</p>	<p><u>Borrower:</u> For-Profit Companies</p>
<p><u>Type of Business:</u> Product Assembly Information Technology - Service Professional Food Production</p>	<p><u>Use of Proceeds:</u> Fixed Assets including: . Equipment . Leasehold improvements Working Capital for: . Business expansion . . Research and Development . Product Development Note: No <u>refinancing</u> will be eligible.</p>
<p><u>Leverage:</u> Targeted 0:1 private/RLF, Seed Capital Fund</p>	<p><u>Maximum Amount:</u> \$10,000 Seed Capital per project, larger amount given based on need. No minimum project size</p>
<p><u>Interest Rate:</u> Up to 4 Points below the Wall Street Journal Prime Rate (fixed over the loan term), but not less than 4%.</p>	<p><u>Term of Loan:</u> For machinery/equipment: . 3 year amortization; . 3 year call, based on asset life For working capital: . Negotiable amortization, 3 year call based on repayment ability</p>
<p><u>Personal Guarantees:</u> Required for all projects</p>	
<p><u>Equity:</u> Flexible. A minimum 5-10% equity will be targeted</p>	<p><u>Collateral:</u> The Seed Capital Fund must take collateral position in assets financed or assets pledged.</p>
<p><u>Borrower Fees and Costs:</u> \$75.00 non-refundable application fee. 1.5% loan origination fee; (application fee may be waived on a case by case basis) Credit fees as necessary</p>	<p><u>Job Creation Criteria:</u> Emphasis on job- creating projects; one job created for every \$12,000 to \$15,000 of Seed Capital</p>

**SECTION 1
REVOLVING LOAN FUND APPLICATION
PURPOSE OF LOAN FUND**

The purpose of the Micro-Enterprise/Business Growth Revolving Loan Fund is to support business activities for which credit is not otherwise available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project in the following Long Term Economic Deterioration (LTED) eligible areas: Carbon County, Emery County, Grand County, and San Juan County.

The Lender reserves the right to call the loan if these requirements are not met.

The Borrower has read and understands the above statement.

Borrower _____ **Date**

Borrower _____ **Date**

Borrower _____ **Date**

**SECTION 1
GENERAL INFORMATION**

Business Name: _____ Date: _____
 DBA: _____ Digit SIC _____
 Contact Person: _____ Title/Position: _____
 Address: _____ Ph# _____
 Fax# _____

Business Type:			
Sole Proprietor <input type="checkbox"/>		Limited Liability Company <input type="checkbox"/>	
Partnership <input type="checkbox"/> Type _____			
Corporation <input type="checkbox"/> Type _____		Incorporation date _____	
Affiliates, Subsidiary Firms, Franchises (attach copy of agreement): _____			
Business Description:			
Start up <input type="checkbox"/> Expansion <input type="checkbox"/> Retention <input type="checkbox"/> 3			
Industrial <input type="checkbox"/> 4 Commercial <input type="checkbox"/> Service <input type="checkbox"/>			
<u>Name of Owner(s)</u>	<u>% Ownership</u>	<u>Sex</u> M F	<u>Minority Group? (Specify)</u>
_____	_____	<input type="checkbox"/> <input type="checkbox"/>	No <input type="checkbox"/> Yes <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> <input type="checkbox"/>	No <input type="checkbox"/> Yes <input type="checkbox"/> _____
_____	_____	<input type="checkbox"/> <input type="checkbox"/>	No <input type="checkbox"/> Yes <input type="checkbox"/> _____
Are you currently certified as a minority-owned or woman-owned business enterprise? Yes <input type="checkbox"/> No <input type="checkbox"/>			
<u>Principals</u>	<u>Title</u>		
_____	_____		
_____	_____		
_____	_____		
(All principals must sign as a guarantor at the loan closing)			

Starting Date of Business: _____ Employer ID# _____

Do you have any affiliation with the Southeastern Utah Association of Local Governments?
 Yes No . If "yes" explain

SECTION 2 PROJECT INFORMATION

Prepare the project proposal by giving details of:

- The General Description of the Project
- Description of the Work to be Performed
- A Schedule for Completing the Work

Include the following information:

PROJECT DESCRIPTION -

- Concise description of the proposed project
- Objectives of the project
- Steps to be implemented to reach each objective including:
 - Number of people
 - Physical requirements such as facilities and equipment
 - Financial resources required
- Date for completing each implementation step and each objective
- Operating history (if any) and operating results - current status
- Detailed operating plan including:
 - How the project will be managed
 - Day-to-day operations and general operation
 - Summary of each person's responsibility
 - Identify ultimate decision maker(s)

MARKETING PLAN FOR THE PROJECT

- Describe important features and user benefits - Relate features of the products/services to market needs and to the competition - List of products and prices
- Detail and describe what needs in the market you intend to satisfy, who buys your product and why - How this was determined
- Description of the market - Size, anticipated growth, key changes, trends - Cite specific sources for market data analysis
- Competition - Who are they (existing or potential) - List their strengths/weaknesses, how much of the market they have, and their strategic position - Comparison in pricing and margins
- Unique capabilities - What makes you different - What gives you a special advantage?
- Market penetration - How are you going to reach the market (i.e., your market strategy - channels of distribution, promotion, pricing, etc., and the cost of the marketing program)?
- Present status - Current stage of development, expected life cycle
- Proprietary position - Trademarks, patents, trade secrets, special production skills, proprietary processes, etc. (Do **NOT** provide confidential details)
- Schedule of quarterly or monthly and annual sales and revenue objectives - List steps to reach objectives
- Description of the product/service pricing rationale
- Collection policies and trade terms

List consultants, advisors, and other resources used to prepare the proposal.

SECTION 2
PROJECT INFORMATION

Complete the following information for the proposed project budget. Identify the independent accountant or accounting firm assisting with the budget. Attach budget, breakdown costs, bids and estimates.

Participation Information for lenders other than RLF. Attach a commitment letter for each lender verifying: Commitment, terms and conditions, maximum amount allowable, and capacity to deliver.

Loan Officer Name Phone #	Bank Name Address	Borrowed Amount & Balance	INTEREST RATE	TERMS	•PENDING •APPROVED
_____ _____ _____	_____ _____ _____ _____				
_____ _____ _____	_____ _____ _____ _____				
_____ _____ _____	_____ _____ _____ _____				
Other _____ _____ _____	_____ _____ _____ _____				
Equity Injection _____ _____ _____					

TOTAL PROJECT COST:

Amount of Revolving Loan Funds Requested (Not to exceed 1/3 of total project cost)			
--	--	--	--

Use of Revolving Loan Funds (show amounts):

WORKING CAPITAL Inventory Current Expenses Other (specify)	
MACHINERY \ EQUIPMENT	
LEASEHOLD IMPROVEMENTS	
CONSTRUCTION OR RENOVATION	
ACQUISITION OF LAND/BUILDING* (*Additional information required)	
OTHER (specify)	

**SECTION 2
PROJECT INFORMATION**

COLLATERAL

Equipment, inventory and receivables are generally used as collateral. Attach a detailed listing and information on all collateral items.

State reasons that a loan from RLF is necessary:

List of Private sources contacted and result (funded or denied). Please attach a statement or letter from each source stating the conditions or reasons for result.

SOURCE	RESULT

**SECTION 3
BUSINESS FINANCIAL INFORMATION**

The minimum financial information needed:

- **Current Financial Statement**
- **Financial Statements for the Past 3 Years**
- **Copy of the Company's Income Tax Return for the Past 3 Years**
- **Pro Forma Balance Sheet and Income Statement for 3 Years****
- **Monthly Pro Forma Cash Flow Projection for 1 Year****
- **Annual Pro Forma Cash Flow Projection for 2 Additional Years****
- **Current Obligations***
- **Projected Obligations***
- **Schedule of Previous Government Financing***

Summary of Current and Projected Purchase Orders or Contracts (attach copies of present Purchase Orders and Contracts).

Identify the independent account or accounting firm the business retains.

All financial information is to be signed and dated.

SECTION 3

BUSINESS FINANCIAL INFORMATION

LIST OF CURRENT OBLIGATIONS

Date: _____

CREDITOR	ORIG. DATE	ORIG. AMOUNT	PRESENT BALANCE	INTERST RATE	MNTHLY PAYMNT	MATRTY DATE	COLLATERAL	STATUS CUR/DEL
TOTAL BALANCE OUTSTANDING					\$			
TOTAL MONTHLY PAYMENT					\$			

PROJECTED OBLIGATIONS FOR THE NEXT 12 MONTHS

CREDITOR	PROJECTED DATE	AMOUNT	INTEREST RATE	MONTHLY PAYMENT	MATURITY DATE	COLLATERAL
TOTAL BALANCE OUTSTANDING					\$	
TOTAL MONTHLY PAYMENT					\$	

SCHEDULE OF PREVIOUS GOVERNMENT FINANCING

TYPE OF FINANCING	DATE FINANCED	AMOUNT	STATUS

**SECTION 4
PRINCIPALS FINANCIAL INFORMATION**

CREDIT REPORT FORM

Full Name (including initials, Jr., II, III, etc.)
This must be completed for each principal and spouse.

Principal's Last Name First Name Middle Initial

Co-applicant Last Name First Name Middle Initial

Current Home Address: _____
 Street Address/POB City Zip Code

Previous Home Addresses (within 5 years)

Street Address/POB City Zip Code

Street Address/POB City Zip Code

	PRINCIPAL	CO-APPLICANT
Date/Year of Birth		
Social Security No.		
Place of Employment		
Work Address		
Work Phone No.		
Home Phone No.		

Name of Business Being Considered for Funding by the Revolving Loan Fund.

I authorize RLF to procure my credit report.

Principal's Signature

Date

Co-Applicant

Date

SECTION 5 BUSINESS INFORMATION

Prepare documentation to give information on the business including the following:

COMPANY

- Business purpose - Explain what business you are in and why
- Brief summary of the company's history and current status
- State the company's overall strategy and objectives including the owner's rate of return on equity (profit) objective - List steps to be implemented to reach each objective
- Facility and equipment, type and size, requirements to produce product/service
- Operational information including days, hours of operation

PRODUCTS OR SERVICES

- Describe important features and user benefits. Relate features of the products and services to market needs and to the competition
- Describe specific products and projects planned - their status, when due out, expected product life-cycle, and potential revenues

DETAILED MARKETING STRATEGY

- Detail and describe what needs in the market you intend to satisfy, who buys your product and why - How this was determined
- Description of the market - Size, anticipated growth, key changes, trends - Cite specific sources for market data and analysis
- Competition - Who are they, how much of the market they have, and their strategic position - Pricing and margin comparisons
- Unique capabilities - What makes you different, your advantage
- Market penetration - How are you going to reach the market (i.e., your market strategy - channels of distribution, promotion, pricing, and the cost of the marketing program
Present status - Current stages of development, expected life cycle
- Proprietary position - Trademarks, patents, trade secrets, special production skills, proprietary processes, etc. (Do not provide confidential details)
- Schedule of quarterly or monthly and annual sales and revenue objectives differentiated, as appropriate, by product/service lines and steps to be implemented to reach each objective
- A budget for marketing and sales expenses differentiated, as appropriate, by product/service lines
- An organization chart of plan of marketing and sales responsibilities
- Description of the product or services pricing rationale.

MANAGEMENT

- Resumes of key individuals - What value to they add to the company*
- History of working together as a team
- Identification of immediate personnel needs and anticipated initial organizational structure

Copy of City County or State Business License

**SECTION 5
BUSINESS INFORMATION**

RESOLUTIONS - AGREEMENTS - AUTHORIZATIONS

If the company is a Corporation, submit the following information:

- **A copy of the corporation's Articles of Incorporation**
- **A copy of the corporation's Bylaws**
- **A resolution from the Board of Directors authorizing the business to borrow (page 5-3)**
- **Specify the type of corporation:**
 Business Corporation **Sub-Chapter S Corporation**
 Professional Corporation **Non-Profit Corporation**
- **All documents must be signed and dated**

If the company is a Partnership, submit the following information:

- **Documentation of a partnership agreement**
- **A partnership authorization regarding borrowing for the business**
- **Specify type of partnership:**
 General Partnership **Limited Partnership**
- **All documents must be signed and dated**

If the company is a Utah Limited Liability Company (LLC), submit the following information:

- **A copy of the Limited Liability Company's Articles of Organization**
- **An organization authorization regarding borrowing for the company**
- **All documents must be signed and dated**

**SECTION 5
JOB CREATION/RETENTION**

ACKNOWLEDGMENT AND ACCEPTANCE:

It is understood that the Revolving Loan Fund Program's (RLF) purpose is to create new permanent private sector jobs and also assist low and moderate income citizens, women and minorities to better themselves through employment opportunities.

The requirements and guidelines to be met and complied with include the following:

- one job will be created for every \$12,000 - \$15,000 RLF dollars loaned,
- 51% of all permanent jobs must be made available to or held by persons of low to moderate incomes,
- all new jobs must provide an income of at least \$5.15 per hour,
- first consideration in filling jobs will be given to low to moderate income persons, women or minorities,
- jobs created must be permanent and directly related to the project,
- and all projected employees must be hired and documentation given to the RLF staff.

The company agrees to participate in the monitoring reporting process and visits while participating in the loan program. This includes:

- an environmental review and on-site visits,
- gathering information on each employee,
- participating with the quarterly reports and visits which update the project progress and compile job creation/retention information, and
- submit biannual financial and business plan reports plus an annual financial report.

Included in this application are complete and accurate listings of current and projected employees. The total current and projected employees are:

Current number of permanent employees _____ full-time _____ part-time

Projected number of permanent employees _____ full-time _____ part-time

Business Name

Typed Name and Title

Signature

Date

**SECTION 7
APPLICANT'S AGREEMENT**

The undersigned understands that this application has been prepared solely for determining eligibility for the Southeastern Utah Revolving Loan Program. Any false statements or misrepresentation made on this application are cause for rejection of this application and prohibition of the undersigned or their business from participating in this or any other programs offered by the Southeastern Utah Association of Local Governments. The applicant agrees that all information included in the application is valid, honest, and complete; and that stipulations in the guidelines will be met and followed.

It is understood that any discussions with or any information given to an RLF employee regarding application for the loan fund program, prior to receipt of a formal commitment letter from the Southeastern Utah Association of Local Governments committing a specific amount of funds to the project, is only for program information and may not be considered a binding commitment on the part of the RLF Program or the Southeastern Utah Association of Local Governments to provide funds or technical assistance to the project.

Fees: The undersigned acknowledges the fees for the program which include:

- (1) a one-time non-refundable fee of \$75.00,
- (2) a one-time processing fee equivalent to one and one-half percent (1-1/2%) of the direct loan or line of credit, and
- (3) the credit report.

Upon receiving funding, the applicant agrees that the business will move forward with the project and that the funds will be used as indicated in the application.

Signature

Date

Name: _____

Title:

Signature

Date

Name: _____

Title: