

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

GUIDELINES AND LOAN APPLICATION

ADMINISTERED BY:

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

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SOUTHEASTERN UTAH BUSINESS LOAN 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 Business Loan Fund programs

The general guidelines for participation in the funding program are:

BUSINESS LOAN FUND Participation

1. The Micro-Enterprise Business Loan Fund is available for "gap" financing. A primary lender and owner cash, which combined must provide at least 2/3 of the project funds will be necessary. The Business Loan Fund maximum participation will be 1/3 of the cash required for the project, with a loan limit of \$100,000.
2. A second 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 financing for the start-up or 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 that the business is or will be economically viable. The objective of creating and/or retaining permanent jobs require that the plan's overall feasibility and job creation potential be emphasized.

Applications for refinancing existing debt will not be considered, unless there is a clear and compelling economic justification. Reducing the cost of the borrower's current financing/credit is generally not considered a compelling reason.

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

Loan Application Fee \$75.00

WHEN SUBMITTING AN APPLICATION YOU MUST INCLUDE THE FOLLOWING:

<u>Existing Businesses</u>	<u>New Businesses</u>
<input type="checkbox"/> Business Plan, including three year's of business financial statements and business cash flow	<input type="checkbox"/> Business Plan, including three years business cash flow projections
<input type="checkbox"/> Loan Application	<input type="checkbox"/> Loan Application
<input type="checkbox"/> Three years <u>personal</u> income tax information	<input type="checkbox"/> Three years <u>personal</u> income tax information
<input type="checkbox"/> Three years <u>business</u> income tax information	
<input type="checkbox"/> Copy of Business Structure & Licenses (Limited Liability Company, S-Corporation,	<input type="checkbox"/> Copy of Business Structure (Limited Liability Company, S-Corporation, Corporation) & Licenses
<input type="checkbox"/> Letter from primary lender explaining why only partial funding is available	<input type="checkbox"/> Letter from primary lender explaining why only partial funding is available.

Existing businesses located in Carbon, Emery, Grand and San Juan County and companies moving into the four counties will be eligible. The guidelines and minimum criteria for eligibility are outlined as follows:

MICRO-ENTERPRISE/BUSINESS GROWTH FUND

<u>Application Deadline:</u> Year round	<u>Borrower:</u> Owner-user businesses - For-profit companies - Non-profit entities
<u>Type of Business:</u> Industrial/Manufacturing Retail/Commercial - Service - Information Technology - Professional	<u>Leverage:</u> Minimum 2:1 Private and other Lender: Business Loan Fund
<u>Use of Proceeds:</u> Fixed Assets including: Land and building - Construction and renovation (Davis Bacon Wage laws may apply) - Machinery and equipment - Leasehold improvements. Working Capital for inventory, operating expenses, and employee payroll, etc. Working Capital loans must be fully collateralized with equipment or other assets.	<u>Collateral:</u> The BLF must take a 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
<u>Equity:</u> Flexible. No 100% financed projects will be considered. A minimum 10-15% equity will be targeted.	<u>Borrower Fees and Costs:</u> \$75.00 non-refundable application fee 1.5% loan origination fee. Credit/closing fees as necessary
<u>Maximum Amount:</u> \$100,000 BLF per project. No minimum project size	<u>Interest Rate:</u> Set by the Board, but may not be less than 4 Points below the Wall Street Journal Prime Rate (fixed over the loan term), nor less than 4%.
<u>Job Creation Criteria:</u> Emphasis on job-creating projects; one job created for every \$15,000 to \$20,000 of BLF. 51% of jobs must be made available to persons from low to moderate income households, minorities or women.	<u>Term of Loan:</u> For real estate: 10 years amortization; 5-7 year call * For machinery/Equipment: 3-7 year amortization; 3-7 year call, based on asset life *For working capital: Negotiable amortization, 3-7 year call based on repayment ability

SEED CAPITAL FUND

<u>Application Deadline:</u> Year round	<u>Borrower:</u> For-Profit Companies
<u>Type of Business:</u> Product Assembly Information Technology - Service Professional Food Production. Applicant must demonstrate the enterprise is a business and not just a "hobby."	<u>Use of Proceeds:</u> Fixed Assets including: . Equipment . Leasehold improvements Working Capital for: . Business expansion . Research and Development . Product Development
<u>Leverage:</u> Targeted 0:1 private/BLF, Seed Capital Fund	<u>Maximum Amount:</u> \$10,000 Seed Capital per project, larger amount given based on need. No minimum project size
<u>Interest Rate:</u> Set by the Board, but may not be less than 4 Points below the Wall Street Journal Prime Rate (fixed over the loan term), nor less than 4%.	<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
<u>Personal Guarantees:</u> Required for all projects	
<u>Equity:</u> Flexible. A minimum 5-10% equity will be targeted	<u>Collateral:</u> The Seed Capital Fund must take collateral position in assets financed or assets pledged.
<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/closing fees as necessary	

SECTION 1
GENERAL INFORMATION

Have you or a business you own(ed) received funding from the business loan fund program in the past?

NO: _____

YES: _____

If the answer is yes please provide the following information:

Name of business (on loan documents): _____

Address of business: _____

Year loan was made: _____ Amount of loan: _____

Year loan was paid off: _____ If not paid off, year loan was written off: _____

Amount written off: _____

Names(s) of principal(s) who signed the loan documents:

Have you ever been a partner, principal or officer in a business owned by someone else that received funding from the Business Loan Fund?

NO: _____

YES: _____

If the answer is yes please provide the following information:

Name of business: _____

Address of business: _____

Year loan was made: _____ Amount of loan: _____

Year loan was paid off: _____ If not paid off, year loan was written off: _____

Amount written off: _____

Names(s) of principal(s) who signed the loan documents:

SECTION 1
GENERAL INFORMATION

Business Name: _____ Date: _____

DBA: _____ SIC/NAICS _____

Contact Person: _____ Title/Position: _____

Address: _____ Ph# _____

City/State/Zip: _____ Fax# _____

Primary email address: _____

Business Type:

Sole Proprietor [] Limited Liability Company []
Partnership [] Type _____
Corporation [] Type _____ Incorporation date _____

Affiliates, Subsidiary Firms, Franchises (attach copy of agreement):

Business Description:

Start up [] Expansion [] Retention []
Industrial [] Commercial [] Service []

Name of Owner(s)	% Ownership	Sex		Minority Group? (Specify)
		M	F	
_____	_____	[]	[]	No [] Yes [] _____
_____	_____	[]	[]	No [] Yes [] _____
_____	_____	[]	[]	No [] Yes [] _____

Are you currently certified as a minority-owned or woman-owned business enterprise? Yes [] No []

Principals	Title
_____	_____
_____	_____
_____	_____

(All principals must sign as a guarantor at the loan closing)

Starting Date of Business: _____ Employer ID# _____

Do you or any family members have any affiliation with the Southeastern Utah Association of Local Governments, the Business Technical Assistance Center, or the So. Ea. Utah Economic Development District,?

Yes [] No []. If "yes" explain _____

PROJECT SUMMARY

Description of the overall project:

Which portions of the overall project will the Business Loan Funds be used for?

SCHEDULE FOR THE OVERALL PROJECT

(Note items to be funded by the Business Loan Fund. Construction and rehabilitation activities must comply with federal Davis/Bacon Labor regulations)

TIME FRAME	WORK TO BE PERFORMED	ITEMIZED COSTS

SECTION 2
PROJECT INFORMATION

Complete the following information for the proposed project budget. Identify the independent accountant or accounting firm assisting with the budget, if any. Attach budget, breakdown costs, bids and estimates. Include participation information for lenders other than BLF. Attach a commitment letter for each lender verifying their commitment, terms and conditions, maximum amount allowable, and capacity to deliver.

Loan Officer Name Phone #	Bank Name Address	Borrowed Amount & Balance	Interest Rate	Term (No of Yrs)	•PENDING •APPROVED
_____ _____	_____ _____ _____	Org Amt Balance			
_____ _____	_____ _____ _____	Org Amt Balance			
Other _____ _____	_____ _____ _____	Org Amt Balance			
Owner Cash _____ _____					

TOTAL PROJECT COST: _____

Amount of Business Loan Funds Requested (Not to exceed 1/3 of total project cost)	
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Use of Business Loan Funds (show amounts)

WORKING CAPITAL	
Inventory []	\$ _____
Current Expenses []	\$ _____
Other (specify) []	\$ _____
MACHINERY\EQUIPMENT	\$ _____
BUILDING IMPROVEMENTS (Purchase/install activities)	\$ _____
CONSTRUCTION OR RENOVATION (Compliance with Davis/Bacon Wage and Labor Regulations is required)	\$ _____
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 BLF is necessary (i.e. XYZ Bank will only loan 60% of the total project cost).

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

SOURCE	RESULT

SECTION 3
BUSINESS FINANCIAL INFORMATION

The minimum financial information needed (All financial information is to be signed and dated):

EXISTING BUSINESSES

- # Current Financial Statements (Balance Sheet, Profit/Loss, Statement of Cash Flows)
- # Financial Statements for the Past 3 Years (Same as above)
- # Copy of the Company's Income Tax Return for the Past 3 Years
- # Current Obligations
- # Projected Obligations

NEW BUSINESSES and existing business that expect increased revenue from expansion activities

- # Pro Forma Balance Sheet and Income Statement for 3 Years
- # Monthly Pro Forma Cash Flow Projection for 1 Year
- # Annual Pro Forma Cash Flow Projections for 2 Additional Years
- # Current Obligations
- # Projected Obligations

Summary of Current and Projected Sales Orders or Sales Contracts (attach copies of existing Sales Orders and Sales Contracts).

Identify the independent account or accounting firm the business retains. Include contact information.

SECTION 3
BUSINESS FINANCIAL INFORMATION

LIST OF CURRENT OBLIGATIONS (BUSINESS ONLY, (NO PERSONAL OBLIGATIONS))

As of Date: _____

CREDITOR (& Contact Info)	ORIG. DATE	ORIG. AMOUNT	PRESENT BALANCE	INTERST RATE	MNTHLY PAYMNT	MATRITY DATE	COLLATERAL	STATUS CUR/DEL
TOTAL OF ALL BALANCES OUTSTANDING					\$			
TOTAL OF ALL MONTHLY PAYMENTS					\$			

BUSINESS OBLIGATIONS YOU MAY INCUR OVER THE NEXT 12 MONTHS

CREDITOR	PROJECTED DATE	AMOUNT	INTEREST RATE	MONTHLY PAYMENT	MATURITY DATE	COLLATERAL
TOTAL OF ALL PROJECTED BALANCES OUTSTANDING				\$		
TOTAL OF ALL PROJECTED MONTHLY PAYMENTS				\$		

SECTION 4
PERSONAL FINANCIAL INFORMATION

PERSONAL FINANCIAL STATEMENT

Complete this form for: (1) each proprietor, or (2) each 10% or more interest and each general partner, or (3) each stockholder owning 10% or more of voting stock, or (4) any person or entity providing a guaranty on the loan.

Name Business Phone

Residence Address Residence Phone

City, State, Zip

Business Name of Applicant

ASSETS	AMOUNT	LIABILITIES	AMOUNT (Total Owed)
Cash on hand & in banks	\$	Current bills due (within 30 days)	\$
Savings Accounts	\$	Loans from Banks and Other Lending Companies (describe in Section 2)	\$
IRA & Other Retirement Accounts	\$	Installment Accounts (Auto loans) Monthly Payments \$_____	\$
Life Insurance (Cash Surrender Value Only) (Complete Section 3)	\$	Installment Accounts (Other, Charge Cards, etc.) (Monthly Payments \$_____)	\$
Stocks & Bonds (Describe in Section 3)	\$	Mortgages on Real Estate (Describe in Section 4)	\$
Real Estate (Describe in Section 4)	\$	Unpaid Taxes (Describe in Section 6)	\$
Automobiles (present value, Describe in Section 5)	\$	Other Liabilities (Describe in Section 7)	\$
Other Personal Property (Describe in Section 5)	\$	Total Liabilities	\$
Other Assets (Describe in Section 5)	\$		
Total Assets	\$	Net Worth (Total Assets minus Total Liabilities)	\$

Section 1. Sources of Income

Contingent Liabilities

Salary	\$	As Endorser or Co-Maker	\$
Net Investment Income	\$	Legal Claims & Judgments	\$
Real Estate Income	\$	Provision for Federal Income Tax	\$
Other Income (Describe below)	\$	Other Special Debt (Describe below)	\$

Description of Other Income & Liabilities in Section 1

Section 2. Note Payable to Banks and Other (Use attachments if necessary. Each attachment must be identified as part of this statement and signed).

Name and Address of Note holder(s)	Original \$	Current \$	Payment \$	How Often	How Secured/Collateral

**SECTION 4
PERSONAL FINANCIAL INFORMATION**

Section 3. Stocks and Bonds (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed).

No. Of Shares	Name of Security	Cost	Market Value (Quotation/Exchange)	Date of Quotation/Exchange	Total Value

Section 4. Real Estate Owned. (List each parcel separately. Use attachments if necessary. Each attachment must be identified as part of this statement & signed).

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name & Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Status of Mortgage (current/delinquent)			

Section 5. Other Personal Property/Assets. (Describe and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and if delinquent, describe delinquency).

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Section 6. Unpaid Taxes. (Describe in detail, as to type, to whom payable when due, amount, and to what property, if any, a tax lien attaches)

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Section 7. Other Liabilities. (Describe in detail)

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Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies - name of insurance company and beneficiaries).

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I/WE authorize the SEUALG Business Loan Fund Program to make inquiries as necessary, and to verify the accuracy of the statements made and to determine my creditworthiness. I/we certify that all information provide on this application and any attachments are true and accurate as of the stated date(s). These statement are made for the purpose of either obtaining a loan or guaranteeing a loan. I understand FALSE statements may result in forfeiture of benefits and possible prosecution by local, state or federal law enforcement agencies.

Principal's Signature

Date

Spouse or Co-Borrower

Date

ACKNOWLEDGMENT AND ACCEPTANCE

It is understood that the Business Loan Fund Program's (BLF) purpose is to retain and/or 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 \$15,000 - \$20,000 BLF 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 pay at least MINIMUM WAGE (targeted hourly wage is \$8.00)
- # First consideration in filling jobs will be given to low to moderate income persons, women and minorities
- # Jobs created must be permanent and directly related to the project
- # All projected employees must be hired and documentation given to the BLF staff.

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

- # An environmental review
- # Compliance with Davis/Bacon Labor & Wage regulations as necessary
- # Providing income and demographic information on each employee
- # Participating with the quarterly reports and site visits which update the project progress and compile job creation/retention information, and
- # Submit biannual financial and business reports i.e., balance sheet, income and expense report, cash flow reports, PLUS annual business income tax returns (or personal returns if the business is a sole proprietorship)..

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

Signature

Date

SECTION 6
 EMPLOYMENT/JOB CREATION INFORMATION

CURRENT EMPLOYEES

To complete the following form, refer to definitions in this section and the Job Information form completed by each employee and a company representative. Follow the steps outlined in the Determination for Low to Moderate Income Persons. If you have questions contact the BLF staff.

Job Title	M/F	Hire Date	Hrs P/Wk Full-Time Part-Time	Salary	Held By LMI*	Available to LMI*	Created Retained Saved	Ethnic Group	Female SHH* (Yes- No)
(example) Secretary	F	07-01-00	FT-40 hr	\$2000/mo	Yes/No	Yes/No	Saved	Asian	Yes/No

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Total Pre-Loan Jobs: _____ [] Full-Time [] Part-Time

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*LMI = Low to Moderate Income Person
 **SHH = Single Head of Household

EMPLOYMENT/JOB CREATION INFORMATION

PROJECTED EMPLOYEES

Job Title	Projected Hire Date	Full-Time Part-Time	Salary	Available to LMI*	Created
(example) Secretary	07-01-00	FT-40 hr	\$2000/mo	(yes or no)	(yes or no)

Part-Time Full-Time Full-Time Equivalent

_____ _____ _____ Total Projected Employees

_____ _____ _____ Expected # permanent jobs to be "created" (attributed to BLF funds)

_____ _____ _____ Expected # permanent jobs to be created and made available to LMI*

*LMI = Low to Moderate Income Persons

SECTION 7
APPLICANT'S AGREEMENT

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

The undersigned understands that this application has been prepared solely for determining eligibility for the Southeastern Utah Business 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 provided by loan fund staff 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 BLF 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, and
- (3) the cost of the credit report(s).
- (4) other closing costs (title insurance, filing fees, etc.) as necessary
- (5) provide declining term, "key-man" life insurance coverage for the amount of the loan on all owners/managers/officers of the business with the SEUALG/Business Loan Fund Program as the primary beneficiary

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. If funding is approved, the applicant agrees to comply with the following federal and state laws:

- 1. Davis-Bacon Act (<http://www.dol.gov/compliance/laws/comp-dbra.htm>), when RLF funds are used for construction.
- 2. Environmental Impact (National Environmental Protection Act (<http://www.epa.gov/compliance/nepa/>),
- 3. Lead-Based Paint (<http://www.epa.gov/lead/pubs/nlic.htm>),
- 4. Asbestos Regulations (<http://www.airquality.utah.gov/HAPs/ASBESTOS/index.htm>), etc).
- 5. Section 601 of title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. § 2000d et seq.)
- 6. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794),
- 7. "Americans With Disabilities Act" (<http://www.ada.gov/>)
- 8. Other federal statutes, regulations and Executive Orders, as applicable

The BUSINESS LOAN FUND reserves the right to call the loan if these requirements are not met.

Signature

Date

Printed Name

Title

Signature

Date

Printed Name

Title