



*Five County Economic Development District
Revolving Loan Fund and Microloan Program*

Guidelines and Loan Application

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*"Growing the economy of
southwestern Utah
one business at a time"*



Five County Economic Development District

REVOLVING LOAN FUND

PURPOSE:

The purpose of the Five County Economic Development District Revolving Loan Fund (RLF) is to create permanent, long-term jobs within the southwestern region of Utah by providing “gap” financing to qualified businesses for eligible activities. Loans made through the Revolving Loan Fund are intended to help bridge the gap created by shortfalls in commercial financing. Funds are repaid into the program and recycled to other businesses, thus allowing an ongoing job creation program. Funds are available in the five southwestern counties of Utah: Beaver, Garfield, Iron, Kane and Washington.

ELIGIBLE USES OF CAPITAL:

- Land and building acquisition
- Purchase of machinery and equipment
- Building construction and renovation (with restrictions)
- Working capital (including inventory, accounts receivable, and labor)

BORROWING GUIDELINES:

- RLF participation can be up to 50% of the total project cost, not to exceed \$250,000
- Owner equity must be at least 10% of the total project cost
- Other lenders, such as banks, will need to provide the balance of funding

JOB CREATION:

- A borrower must agree to create and/or retain one job for every \$15,000 (approx.) of Revolving Loan Fund money
- 51% of jobs created should be filled by low or moderate income individuals

MICROLOAN PROGRAM

OBJECTIVE:

It is the objective of the microloan program to provide an entry level to a micro-enterprise with the potential to become a business eligible for traditional funding. This is accomplished by assisting low and moderate income citizens, women and minorities to better themselves through enterprise ownership.

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FINANCIAL CONSIDERATIONS

The Loan Committee will take a position on each of the following criteria:

- Character
- Capability
- Capital
- Collateral
- Conditions

Each criterion will be broken into more specific elements (variables), a quantifiable measure identified for each element, and a source identified for each measure. This information will provide the basis for the evaluation process. Each measure will be weighed and a total developed for the evaluation. This procedure has several advantages:

- All applications are evaluated against common criteria.
- The application's strengths and weaknesses can be easily identified by the Board.
- The numerical ratings can produce a relative measure of the application package.

CIVIL RIGHTS CONSIDERATIONS

1. FCEDD will certify that it will comply with Title VI of the Civil Rights Act of 1964 and Public Law 92-65, and the requirements imposed by or pursuant to regulations, issued by the Department of Commerce and the Economic Development Administration. Such requirements hold that no person in the United States shall on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of or be subjected to discrimination under any program or activity for which Federal financial assistance has been extended.
2. Several means have been used to announce and to advertise the Revolving Loan Fund. Press releases have been prepared and distributed to the major news media networks in the District. In addition, presentations describing the RLF have been made before various organizations created to foster local economic development as well as Community Action groups.
3. No loan shall be made to applicant unless the applicant certifies to FCEDD, in form satisfactory to FCEDD, that he/she shall not discriminate against employee or against any applicant for employment because of race, religion, color, national origin, sex or age, including, but not limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
4. All loan recipients will be monitored indicating the extent of compliance with Civil Rights regulations.
5. Whenever necessary, a FCEDD staff member will be assigned to pursue and evaluate Civil Rights reports. These evaluations will be forwarded to the Director of FCEDD who will make an annual report to the Board.

ENVIRONMENTAL CONSIDERATIONS

All projects must adhere to all local, state and federal air and water pollution standards. All borrowers will have to sign a form similar to EDA's Form 524 before any approvals will be made.

OTHER REQUIREMENTS

The Loan Committee of FCEDD assures EDA that the following requirements will be met:

- Location of borrowers within Redevelopment Area/target areas; loans to be recalled if borrower moves from Redevelopment Area;
- The interest rate will not be less than 4 percent below EDA's Business Loan interest rate;
- That loans will be made to eligible borrowers, which are: States and general purpose units of local government; public and private non-profit organizations; and private profit-making firms, including developers;
- That loans will be made for the following broad types of activities:
 - ❖ Acquisitions and assembly of land including land banking for commercial, industrial and related uses;
 - ❖ Acquisitions of surplus government property;
 - ❖ Acquisitions of abandoned properties with redevelopment potential;
 - ❖ Development of real estate including redevelopment and rehabilitation of historical buildings for industrial or commercial use;
 - ❖ Rehabilitation and renovation of useable empty factory buildings for industrial and commercial uses;
 - ❖ Other investments which will accelerate recycling of land and facilities for job creating activity, such as assistance to firms to locate or expand in such facilities;
 - ❖ Local share for other federal programs for the activities above, as allowed by those programs;
- Borrowers are not relocating from another labor area;
- Borrower will obtain required flood hazard insurance;
- If construction is financed by a RLF loan, accessibility to the handicapped as assured by compliance with the standards of 41 CFR, sub-part 101-19.6.

APPLICATION FEE

An Application Fee of 1.5% of the RLF loan amount is required at time of loan closing. This fee is used to defray administrative and monitoring expenses.

Application Instructions

Sections I, II, III. Please provide the information requested. “You” refers to the proprietor, general partner or corporate officer signing this form.

Section IV. Use of the loan money; if your use of the loan fits one of the categories listed on the application form, please fill out this section. If you use “other” submit a list on a separate sheet of paper and label the list Exhibit A.

Section V. Summary of Collateral: If your collateral consists of (A) Land and Building, (B) Inventory, and/or (C) Accounts Receivable, fill in the appropriate blanks. If you are using (D) Machinery and Equipment, (E) Furniture and Fixtures, and/or (F) Other, please provide an itemized list (labeled Exhibit B) that contains serial and identification numbers for all articles that had an original value greater than \$500.00.

Application Submittal Checklist		
	Yes	No
Have you filled out a personal financial statement for each owner, officer, director, and/or partner having 20% or greater interest in the business? Label this Exhibit C		
Have you included the statements listed below for the last 3 years? Balance Sheet; Profit and Loss Statement; Income Tax Forms; Reconciliation of Net Worth; Aging of Accounts Receivable and Payable; & Earning Projections for 2 years. Label this Exhibit D		
Have you completed a list which contains the original date/ amount, present balance owed, interest rate, monthly payment, maturity and security for each loan/ debt that your business currently has? This is Exhibit E		
Have you provided a brief history of your company, articles of incorporation, and a paragraph describing the expected benefits the company will receive from the loan? Label this Exhibit F		
Have you provided a brief description of the educational, technical and business background for all the people listed in Section III under management? Label this Exhibit G		
Do you have any co-signers and/or guarantors for this loan? If so, please submit their names, addresses and personal balance sheets as Exhibit H		
Are you buying machinery/equipment with your loan money? If so you must include a list of the equipment, serial #'s, and the cost. Label this Exhibit J		
Have you or any officer of your company ever been involved in bankruptcy or insolvency proceedings? If so, please provide a summary as Exhibit K		
Are you or your business involved in any pending lawsuits? If so, please provide a summary as Exhibit L		
Does your business have any subsidiaries or affiliates? If yes, please provide their names and the relationship with your company along with a current balance sheet and operating statement for each. Label this Exhibit M		
Do you buy from, sell to, or use the services of any concern in which someone in your company has a significant financial interest? If so, provide details on a separate sheet labeled Exhibit N		
If your business is a franchise, have you included a copy of the franchise agreement? Label this Exhibit P		