



Contributors to the Revolving Loan Fund

U.S. Department of Commerce,
Economic Development Administration

Utah Small Cities Community
Development Block Grant Program

U.S. Department of Agriculture,
Rural Development

U.S. Department of Agriculture,
Forest Service

For More Information Contact:

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BUSINESS LOANS

**Financing For Your
Growing Business!**



**For Business Start-Ups
& Business Expansions**

FIVE COUNTY ASSOCIATION OF GOVERNMENTS
Beaver, Garfield, Iron, Kane & Washington Counties

Purpose

The purpose of the Revolving Loan Fund 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 on-going job creation program.

Eligible Counties in Utah

Funds are available in Beaver, Garfield, Iron, Kane and Washington County, Utah.

GAP Financing

The Revolving Loan Fund can lend to both start-up and early stage companies. It provides financing to companies that banks are unable to fully fund because of inadequate operating histories and various other reasons.

Eligible Uses of Capital



- Land and building acquisition
- Building construction and renovation (with restrictions)
- Purchase of machinery and equipment
- 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

Terms of Loan

- Loans on capital assets are based on asset life
- Working capital loans range from 3-5 yrs
- Typically, loans will not exceed 7 yrs
- The interest rate can be as low as 4% but varies according to the market rate and the borrowers ability to repay

Collateral

- A loan may be secured by a second mortgage and/or a lien on business assets
- RLF will take a subordinate mortgage position to other lenders

Job Creation

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

Fees

- An application fee of 1.5% of the Revolving Loan Fund amount is due at closing. It is used to defray administration and monitoring expenses

Lending Criteria

Applicants must have:

- A sound business plan
- Historical financial statements and sound financial projections (3 years)
- Personal financial statements of owners
- Commitment letters from banks/other lenders
- Vendor quotes on machinery and equipment
- Appraisal(s)
- Purchase agreement for real estate (if applicable)
- Management resumes reflecting the experience of those with 20% or more ownership in the company
- List of job creation and/or retention

Application Process



Step 1

- Have a sound business plan complete with financial statements, marketing plan, description of product/service, and management resumes.

Step 2

- Contact RLF Loan Manager to receive an application and begin to gather necessary information
- Discuss financing w/ other lenders

Step 3

- Submit your application to the RLF Manager to be reviewed

Step 4

- Application will then be reviewed by the RLF Loan Administration Board

Step 5

- As soon as all requirements are met and the loan documents signed, the funds will be released (*usually 4-6 weeks from approval)