



# EDLF Loan Program Policies and Guideline Handbook

Salt Lake City Corporation  
Economic Development Division

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<http://www.slcgov.com/edlf>

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## **I. ECONOMIC DEVELOPMENT LOAN FUND (EDLF) INFORMATION**

### **A. PURPOSE**

The purpose of the EDLF is to increase employment opportunities, stimulate business development and expansion, encourage private investment, promote economic development, and enhance neighborhood vitality and commercial enterprise in Salt Lake City.

### **B. ELIGIBILITY**

Businesses eligible for the loan program must be a for-profit or non-profit entity located in or willing to relocate to Salt Lake City. Nonprofits must generate sufficient revenue from the venture to cover debt.

The criteria for loan approval and determination of interest rates and loan terms are devised to align with policy objectives of the City and the Economic Development (ED) division. The program's overarching goal is to invest in viable businesses and activities that produce strong economic returns, but that also provide positive social and environmental impacts.

Businesses that have a loan with the city can only apply for additional loan if the combined total of loans does not exceed the maximum loan amount. Loans will not be given to different entities that are related in the same business location and business purpose. For example, 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, only one loan will be considered.

### **C. THE LOAN PROCESS**

1. Go to [www.slcgov.com/edlf](http://www.slcgov.com/edlf) to submit the Preliminary Evaluation application (Pre-app), granting authority for a credit check and report for each personal guarantor.
2. The City's Community and Neighborhood Development Department will conduct a preliminary review.
3. The preliminary review generally takes 5-7 business days. You should be contacted by the City's staff around that time, but if not contact the Division at [edlf@slcgov.com](mailto:edlf@slcgov.com) or call 801-535-7258.
4. Once the Preliminary Review is complete, submit the full Loan Application including the following. Since a goal of the City is to go paperless, all documents should be submitted electronically to [edlf@slcgov.com](mailto:edlf@slcgov.com)
  - a. A completed Loan Application;
  - b. Attach a Business Plan with the information outlined on the following pages including a 3-year financial forecast;
  - c. Scanned copies of the required financial documents including personal and corporate taxes.
  - d. Complete and sign the Personal Financial Statement for each major owner and/or guarantor.
5. Email [edlf@slcgov.com](mailto:edlf@slcgov.com) or call the Economic Development Manager at 801-535-7958 to set up a time to review the completed application.
6. Your submitted loan application will be reviewed for completeness—often additional information is requested. Corresponding documents will then be distributed to the City's Loan Committee. The Loan Committee meets monthly and as needed. At the meeting, you will have the opportunity to meet with the Committee to briefly present your business plan and answer any questions. After your presentation, the Loan Committee will meet to evaluate the loan. The Loan Committee may approve, deny, modify, and set final terms and rates and loan amounts that may differ from the original request.
7. A Review Committee of City Directors looks at all loans to make sure they are compatible with City goals and directives.
8. You will be notified within 5-7 business days by email or phone of the Loan Committee's decision.

## D. BASIC LOAN TERMS AND LOAN OPTIONS

Loan Type	Guarantees	Term*	Interest Rate	Collateral	Credit Score
All loans	Corporate, and at least 1 personal guarantor (except non-profits or if waived by loan committee)	6 months up to 7 years	Base rate = prime plus 8 % (3.50-11.50%), based on City goals such as: operating in a business nodes, low- moderate income and disadvantaged owners, job creation, private leverage, human capital, societal, and environmental impact.	10% minimum. Sliding scale points awarded starting from minimum; full points awarded with 100%+ collateral.	No minimum. Sliding scale points awarded starting at 550-- full points awarded with score of 750+.
*Term may be amortized longer and include balloon payment, or extended to 10 year term by loan committee after 5 years successful payment history to SLC.					

Loan Category	Business Age	Amount
Startup Business	0-3 years old	\$5,000-\$100,000
Expanding - Existing Business	3 + years old**	\$5,000-\$350,000
Construction / Real Estate	Any age, subject to startup business loan maximum	\$5,000-\$350,000
Energy Efficiency (E2) ***	Any age, subject to startup business loan maximum	\$5,000-\$350,000
**Loan Committee can waive 3 year requirement if borrower(s) can demonstrate comparable experience in comparable industry.		
***Must also apply with SLC Sustainability Office		
The City Council may approve loans above maximum loan amounts (\$100,000 for startups; \$350,000 for expanding businesses). Loan committee may require collateral above minimum requirements and/of propose modifying the loan amount, term, etc.		
Other Requirements include: \$100 application fee, 1.5% origination fee paid at closing; Submittal of a completed application with business plan, 3 years personal and business (for existing) financial statements/taxes, 3 year financial projections, and other items as requested by the loan committee.		

## **E. USE OF FUNDS**

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

- Acquisition of real estate (land or building)
- New construction, tenant improvements
- Construction mitigation (within half-block of construction)
- Energy efficiency improvements -- must also apply with SLC Sustainability office
- Façade, signage and building renovation
- Landscape and property improvements
- Machinery
- Working capital
- Relocation, moving expenses (to or within SLC)
- Inventory
- Fixtures, furnishings, and equipment (FFE)
- Marketing
- Business stabilization
- Community ventures sponsored by revenue producing non-profits
- Loan guarantees, loan loss reserves

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
- To pay for other business's expenses
- To use to re-locate a Salt Lake City business into another city
- Use of funds to support an illegal activity or improperly licensed or zoned use

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

## **F. LOAN EVALUATION AND OTHER REQUIREMENTS**

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A loan evaluation matrix may be used by the City's Business Loan Committee to rank loan applications based on an applicant's credit history, ability to repay the loan, management ability and 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 recommended to the Review Committee for final approval.

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 that it is working to control.

## **LENDER PARTICIPATION**

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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.

## **GUARANTEES**

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Loans shall be guaranteed by the business and personally by the Borrower and personal guarantors. Nonprofit organizations are only required to provide corporate guarantees. The Loan Committee may waive personal guarantees in cases of unique corporate structures. In addition, the Borrower shall agree to subordinate all officer debt and defer monthly payments to all officers to the City's loan. **Note that personal guarantors are liable to pay back the loan to the City even if the business fails.**

## G. FINANCIAL DOCUMENTS

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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 Tax Information

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

### Business Financial Information

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 Tax and 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, must also provide recent mortgage as well as evidence of value of collateral.

### Location

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

## H. BUSINESS PLAN

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Loan requests under \$25,000 (“microloans”) must provide at least an executive summary but may be required to provide a full business plan at the discretion of the Loan Committee. All other loan requests over \$25,000 must provide a full business plan. Please submit the business plan electronically by email to [edlf@slcgov.com](mailto:edlf@slcgov.com) or as an attachment to this application.

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 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. It is an extremely important tool for a business owner to evaluate strengths and weaknesses, areas of improvement, and financial objectives. While your business plan is necessary for your application for a loan through the EDLF, your plan can also be used to attract additional funding sources such as banks and investors. Your business plan should be typed and include the following:

1. **Business Plan Executive Summary.**
2. **Business/Product/Services Description.**
3. **The Market and Marketing Strategy.**
4. **Neighborhood/Human/Environmental (TRIPLE BOTTOM LINE) Impact.**
5. **Management Team.**
6. **Current Financial Situation and Forecast.**
  - a. Operating Profit and Loss Statements: 3 years and Year to Date statements
  - b. Balance Sheet: 3 years and Year to Date statements
  - c. Pro Forma (3-year Projection of Income and expense):
7. **Financing Proposal/Sources and Uses.**
8. **Future Plans.**
9. **Other**

**Considerations.**

## I. CHECKLIST for EDLF APPLICATION

### PRELIMINARY EVALUATION

- Fill out preliminary loan evaluation online at <http://www.slcgov.com/edlf>
- Include contact info for Credit Report for each personal guarantor

### LOAN APPLICATION Fill out at the above website upon notice from SLC ED Division to proceed

- Company Info including NAICS code and Federal Employer Tax ID Number (FEIN):
- Detail of Loan Collateral
- Business Liabilities and Obligations
- Personal Financial Statements **for all proposed loan guarantors**
- Final financing/Sources and Uses of Funds
- Certification/Signature page

### BUSINESS PLAN

- Business Plan Executive Summary
- Product/Service Description
- 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

### TAX RETURNS

- Personal-3 years tax returns (for all guarantors)
- For Existing companies, 3 years business tax returns or number of years filed

### LOCATION/COLLATERAL

- Lease (copy of lease agreement)
- Own (Mortgage statement)
- Evidence of collateral value

### LEGAL STRUCTURE

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

### APPLICATION FEE

- \$100 check made out to Salt Lake City Corporation

Submit all paperwork at the ED offices at 451 South State Street, Room 425, Salt Lake City, UT 84114 or electronically to [edlf@slcgov.com](mailto:edlf@slcgov.com)

