

DC Certified Business Enterprise Revolving Micro Loan Fund (A Pilot Program for Qualified CBE)

PROGRAM OVERVIEW

The DC Certified Business Enterprise Revolving Micro Loan Fund (“DC CBE RMLF”) is a financing tool designed to sustain and/or increase the level of business activity, job creation and retention, and provide access to capital for the sustainability and expansion of small businesses, with the requirement of assisting small and disadvantaged businesses, as certified by the Department of Small and Local Business Development (DSLBD). Preference for financial assistance is given to Certified Business Enterprises that have the “resident-owned” designation (in accordance with the DSLBD CBE registration), as well as, businesses with primary operations and/or core clientele in target areas comprising DC Main Streets, Neighborhood Investment Fund, and special nodes designated for economic development or commercial revitalization, as defined by the Office of the Mayor.

Loans issued under the DC Certified Business Enterprise Micro Loan Fund (DC CBE-RMLF) will be structured as a senior or subordinated secured loan or a loan guarantee. Loan underwriting is managed by the Washington Area Community Investment Fund (WACIF) on behalf of the Department of Small and Local Business Development. WACIF will also close and service all loans. The maximum loan amount is \$15,000. However, CBE designated as resident-owned businesses, and/or CBE designated businesses that are located within a DC Main Streets or Neighborhood Investment Fund target area, or special nodes designated for economic development or commercial revitalization may be eligible for up to \$25,000. Refer to the DSLBD website (<http://dslbd.dc.gov>) for a description of the respective target areas.

Applications are available online through the Department of Small and Local Business Development website (<http://dslbd.dc.gov>). **Completed applications, with requisite attachments, must be submitted to DSLBD.** A Certified Business Enterprise (CBE) designation is a prerequisite for applying for a loan. WACIF will not accept applications directly from businesses.

DSLBD is responsible for the pre-screening of potential borrowers. DSLBD will conduct a preliminary review of the application (See the attached Application Requirements) to ensure completeness and that all supporting documentation is included. DSLBD will notify the applicant if an unqualified application has been submitted for consideration. Applications that meet the pre-screening standards will be forwarded to WACIF for underwriting. A complete and viable application should result in a loan closing within 45 – 60 days, provided no additional information is required for underwriting purposes.

The micro loan application and guidelines are available online at <http://dslbd.dc.gov>. The completed application package must be submitted to DSLBD with the following demarcation:

Department of Small and Local Business Development
ATTN: DC Certified Business Enterprise Revolving Micro Loan Fund
441 4th St. NW, Ste. 970N
Washington, DC 20001

For more information, please contact DSLBD at (202) 727-3900 or <http://dslbd.dc.gov>.

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PROGRAM GUIDELINES

PROJECT ELIGIBILITY

- Certified small business enterprise AND disadvantaged business enterprise (in accordance with the Department of Small and Local Business Development CBE designation)
- Business independently owned, operated, and controlled
- Business with a current Certificate of Good Standing (via the Department of Consumer and Regulatory Affairs) and Certificate of Clean Hands (via Office of Tax and Revenue)
- *PREFERENCE* :
 - Certified resident-owned business (in accordance with the Department of Small and Local Business Development CBE designation)
 - Business that serves or whose principal office is located in a DC Main Streets corridor, a Neighborhood Investment Program target area, or another area identified by the Mayor as a priority for economic development or commercial revitalization

PROJECT INELIGIBILITY

- Non-profit organization
- Start-up business (less than 3 years operating period)
- Street vendor
- Regional or national franchise

USE OF PROCEEDS

- Working capital
- Inventory
- Furniture or fixtures (acquisition/repair)
- Machinery and equipment (acquisition/repair)
- Eco-efficient improvements
- Contract cash flow assistance
- Financial management systems (e.g., Point of Sale, upgrades to meet prime contractor standards)
- Leasehold improvements
- Property renovation (property owners only)

RATES/TERMS

- A loan amount may not exceed fifteen thousand dollars (\$15,000) to any one CBE. A resident-owned CBE, and/or CBE located within a DC Main Streets or Neighborhood Investment Fund target area, or special nodes designated for economic development or commercial revitalization may be eligible for up to \$25,000. (Refer to the DSLBD website – <http://dslbd.dc.gov> – for a description of the respective target areas.)
- Terms may not exceed six (6) years
- Loan-to-Value may not exceed ninety-seven percent (97%) or debt service coverage of 1.05x

- UCC filings and verification and monitoring will be required for all appropriate security or collateral
- Principal amortization may be deferred up to one (1) year
- Interest may be deferred up to six (6) months
- Interest rate of 5% will be applied to CBE RMLF
- \$150 Application Fee (non-refundable) made payable to WACIF
- Closing Costs may be included in the loan amount, if sufficient funds are available

COLLATERAL/SECURITY

- Each loan will be secured with sufficient collateral.
- First lien on any asset purchased is required
- Personal guarantees will be required from principal owners with an ownership position greater than ten percent (10%)

TECHNICAL ASSISTANCE

- The Department of Small and Local Business Development (DSLBD) offers technical assistance (including workshops/training and professional consultation services) designed to help clients build capacity and obtain additional tools to successfully operate their business.
- DSLBD, in some instances, may require the potential borrower or borrower to participate in targeted training, technical assistance, and/or periodic monitoring to help strengthen business operations as a condition of the loan or as a pre-condition for future funding.

APPLICATION PROCESS

- Eligible businesses will complete a two-part loan application, including an In-Take form and a Loan Application, which is available from the Department of Small and Local Business Development (DSLBD).
- Completed applications will be submitted by the eligible business to DSLBD for pre-screening and preliminary review. DSLBD will forward applications that are determined to be complete (with all required documentation) to Washington Area Community Investment Fund (WACIF) for underwriting. The business will receive an email notification from DSLBD that the complete application has been submitted to WACIF for underwriting analysis and loan determination. DSLBD will also send an email to businesses that have not sufficiently completed the application and/or required documentation as notification that the application will not proceed to the underwriting phase. An incomplete application will be returned to the business.
- WACIF will evaluate applications and required attachments and apply its underwriting criteria. Loan applications will be reviewed by WACIF's Loan Committee with final loan approval issued by the Committee. WACIF will directly notify the borrower of loan approval, additional information requirements, or denial (with explanation of underwriting determination).
- A Certified Business Enterprise (CBE) designation is a prerequisite for applying for a loan. Businesses interested in applying for CBE designation may complete the online application, which is available at <http://dslbd.dc.gov>. Only applications submitted through the DSLBD online database will be accepted. Businesses should allow 45 days for CBE application review (including site visit, as applicable) and "determination" (e.g., certification approval), which is measured from the timeframe that DSLBD provides the "received" notification of a completed application.

DC Certified Business Enterprise Revolving Micro Loan Fund APPLICATION REQUIREMENTS

**(Please Note: All application requirements must be
TABBED and SUBMITTED IN ORDER as outlined below)**

A completed CBE Revolving Micro Loan Fund (CBE-RMLF) application will include:

1. Informational Requests
 - a. Completed CBE-RMLF Intake Form including Personal Financial Statement for all principals of the business
 - b. Completed CBE-RMLF Loan Application
 - c. CBE Program Certification Letter
 - d. \$150 Application Fee made payable to WACIF

2. Organizational Documents
 - a. Articles of Incorporation or Organization
 - b. Operating Agreement
 - c. Organization's By-laws
 - d. Certificate of Incorporation
 - e. Copy of Business, Professional, and/or trade license
 - f. Certificate of Occupancy
 - g. Tax Certification (Clean Hands Certification from the DC Office of Tax and Revenue – OTR)
 - h. Most recent Certificate of Good Standing issued by DCRA
 - i. Company Profile, including executive summary, operation plan, organizational structure, marketing outline, and resumes of key personnel
 - j. Lease or Deed for business site
 - k. Most Recent Form UC-30 (Employer's Quarterly Contribution and Wage Report)
 - l. Employee Identification Number – IRS Issuance
 - m. Dun and Bradstreet (DUNS) Number
 - n. Proof of Citizenship of principal owners (e.g. birth certificate, passport, or permanent resident) or legal residency documentation
 - o. A copy of driver's license or DMV picture ID
 - p. Borrowing Resolution

3. Financial Documents
 - a. Profit & Loss for last three fiscal years and year-to-date
 - b. Projected Profit & Loss for next three fiscal years
 - c. Balance sheet for last three fiscal years ends
 - d. Current Balance Sheet
 - e. Proposed Project Budget (including Sources and Uses)
 - f. Federal Tax Returns for last 3 fiscal years
 - g. Personal Tax Returns for last 3 calendar years
 - h. Cash flow statement for previous fiscal year
 - i. Projected Cash flow statement for next fiscal year
 - j. Last 3 months of business bank statements

4. Other

- a. Marketing Plan
- b. Insurance Materials
- c. Recent Appraisal or a copy Current Year Tax Assessment
- d. Environmental Survey (if applicable)
- e. Commitments for other loans/grants for the proposed projects
- f. Business Plan (Must demonstrate how loan resources will impact profitability of the business, create job opportunities, repay the loan, help to expand the business, etc.)