



THE CITY OF SAN DIEGO

Small Business Loan Programs FACT SHEET

General Information

The City of San Diego manages two small business loan funds designed to improve economically distressed areas; increase the numbers and level of business operations; and subsequently increase incomes and earning capacities. In an effort to help stimulate San Diego County's economic growth, the loan programs offer financial assistance to expanding businesses. The loan funds can supplement private financing of new or rehabilitated buildings, fixed machinery and equipment, working capital and soft costs, in the Revolving Loan Fund project areas.

The San Diego Regional Revolving Loan Fund (SDRRLF) project area includes the cities of San Diego and Chula Vista. The Small Business Micro Revolving Loan Fund (SBMRLF) project area is limited to the City of San Diego.

Eligibility

To be eligible for assistance under one or more loan programs, a business must:

1. Be located in an eligible project area census tract. The project area is defined by census tracts that fall into areas of eligibility defined by the EDA.
2. Create new employment opportunities.
3. Have firm financial commitments for other components of the project to be financed.
4. Be willing to comply with all regulations, guidelines, policies, and requirements, as they relate to the program.
5. Demonstrate that financing is not otherwise available on terms or conditions that would permit completion and/or the successful operation or accomplishment of the project activities to be financed.
6. Demonstrate credit worthiness and the ability to repay the loan.

Financing

- **Loan Size:** Generally in the \$25,000 to \$150,000 range for the Small Business Micro Revolving Loan Fund, and \$150,000 to \$500,000 range for the San Diego Regional Revolving Loan Fund.
- **Loan Terms:** Normally, loans will be direct loans fully amortized over three to seven years.
- **Interest Rates:** Prime-plus fixed rate, based on risk. 8% floor.

Eligible Uses of Loan Funds:

- Supplement private financing of new or rehabilitated buildings
- Acquisition of fixed machinery and equipment
- Working capital and soft costs

For more detailed information on the City of San Diego's Loan Programs, visit the City's Web site at www.sandiego.gov/cpci or contact the City of San Diego's City Planning and Community Investment Department at (619) 236-6323.

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*Prepared by the City of San Diego's City Planning and Community Investment Department
Communications Program 09/09*



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Small Business Loan Programs

Program	San Diego Regional Revolving Loan Fund	Small Business Micro Revolving Loan Fund
Program Summary	The San Diego Regional Revolving Loan Fund (SDRRLF) offers financial assistance to small business owners that require capital, but are unable to meet the terms of traditional banks.	The Small Business Micro Revolving Loan Fund (SBMRLF) offers financial assistance to small business owners that require capital, but are unable to meet the terms of traditional banks.
Eligible Use of Funds	Purchase of Land/ Building/ Machinery/ Equipment, Working Capital, Soft Costs	Purchase of Land/ Building/ Machinery/ Equipment, Working Capital, Soft Costs
Eligible Borrower	Existing small-to-mid size businesses in the cities of San Diego and Chula Vista.	Existing small-to-mid size businesses in the City of San Diego.
Required Public Benefit	<ul style="list-style-type: none"> • Job creation • Targets distressed areas 	<ul style="list-style-type: none"> • Job creation • Targets distressed areas
Minimum/Maximum Public Loan	\$150,000 to \$500,000	\$25,000 to \$150,000
Typical Project Size	\$450,000 to \$1,500,000	\$50,000 to \$300,000
Minimum Required Equity	10% to 30% depending on the project	10% to 30% depending on the project
Typical Financing Structure	<p>This is a gap financing program and can only finance 33% of the total project</p> <p><u>Example: Expansion</u> Lender: 50% SDRRLF: 30% Borrower: 20% TOTAL: 100%</p>	<p>This is a gap financing program and can only finance 50% of the total project</p> <p><u>Example: Expansion</u> Lender: 40% SBMRLF: 50% Borrower: 10% TOTAL: 100%</p>
Maximum Loan Term		
Real Estate & Related	15 years	15 years
Machinery & Equipment	10 years	5 years
Permanent Working Capital	7 years	3-5 years
Interest Rate	<ul style="list-style-type: none"> • Prime-plus fixed rate, based on risk • 8% floor 	<ul style="list-style-type: none"> • Prime-plus fixed rate, based on risk • 8% floor
Loan Fees	<ul style="list-style-type: none"> • \$250 application fee, 1% origination fee • All out-of-pocket closing costs (document prep, etc.) • \$150 - \$500 commitment fee 	<ul style="list-style-type: none"> • \$250 application fee, 1% origination fee • All out-of-pocket closing costs (document prep, etc.) • \$150 - \$300 commitment fee
Collateral	<ul style="list-style-type: none"> • Senior lien on all business assets preferred • Personal guarantee required 	<ul style="list-style-type: none"> • Senior lien on all business assets preferred • Personal guarantee required

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