



Davis Fund Guidelines

Davis County Council of Governments, Inc.

Managed by: Davis County Community and Economic Development

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Phone: (801) 451-3285

Website: <http://daviscountyutah.gov/ced/economic-development/incentives-resources>

Email: davisfunded@gmail.com

A. PURPOSE

The Davis Fund for Economic Development is a small business loan program designed to create jobs and help grow the Davis County economy by providing financing options to viable but non-traditional businesses.

The Davis Fund is managed by the County on behalf of the Davis County Council of Governments, Inc., a 501c3 nonprofit organization established in 1984, which is governed by a board of directors made up of the mayors and county commissioners of Davis County.

B. ELIGIBILITY

- Businesses must be located in or willing to relocate to Davis County
- 10% minimum of the loan amount is required for collateral
- Businesses that have a loan with the Davis Fund can only apply for an additional loan if the combined total of loans does not exceed the maximum loan amount (\$500,000)
- Loans can be given to different entities that are related in the same business location and for the same business purpose. For example, multiple loans can apply 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; however, the maximum loan amount (\$500,000) still applies.

C. LOAN CRITERIA

TYPES OF LOANS (MINIMUM \$50,000)

1. Startup businesses (0-3 years old): Up to \$250,000
2. Existing businesses (3+ years old): Up to \$500,000

LOAN TERM

6 months to 7 years, with amortization up to 12 years with balloon payment options.

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

CREDIT SCORE

No minimum

Each guarantor's credit score will be evaluated on a 0-5 point scale during the loan evaluation process.

COLLATERAL

10% minimum of the loan amount is required for collateral to be eligible to be reviewed by the board of directors. Your application will be graded on a sliding scale of 1-10 points. For example, 10% collateral is worth 1 point. The board of directors may require collateral above minimum requirements, depending on the risk of the loan.

INTEREST RATE

Minimum: %

Maximum: 13.25%

Average Rate: %

Interest rate reduction incentives are based on defined factors, including:

- Job creation
- Overall risk
- Veteran owners
- Disadvantaged owners
- County and State industry clusters
- Average wages
- Green/sustainable business

D. LOAN PROCESS

1. Download the **Part A Application** and submit the completed application to the Davis Fund Administrator (davisfunded@gmail.com). The preliminary review generally takes 5-7 business days.
2. After the Part A Application is reviewed and you have been notified to proceed to the full application, provide the following:
 - Completed **Part B Application**
 - Business Plan
 - The required financial documents including: 3 year business projections, personal and business financials, tax returns, profit/loss statements, balance sheets, and other items as requested in the application or by the Davis Fund staff.
3. Email (davisfunded@gmail.com) or call the Davis Fund Manager to set up a time review the completed application at (801) 451-3285 with Davis Fund staff and board chair (or designee).
4. Once reviewed by Davis Fund staff and board chair (or designee), your submitted Loan Application will be distributed to the Davis Fund board of directors and a meeting will be scheduled. The board of directors typically meets on the second Tuesday of each month. At the meeting, you will present about your business and answer any outstanding questions.
5. The Davis Fund board of directors will evaluate your loan, and in 3-5 business days you will be notified of the board's decision by phone.

E. USE OF FUNDS

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

- A business expanding or relocating to Davis County
- Fixtures, furnishings, or equipment (FFE)
- Working capital and inventory
- Construction/real estate acquisition
- Gap financing

F. LOAN EVALUATION

A loan evaluation matrix will be used by the Davis Fund to rank loan applications based on an applicant's credit history, management ability, business strength, community impact, and fiscal impacts of the loan relating to job creation and retention, leverage of public and private funds, and the collateral requirements enumerated above. The loan evaluation matrix has a total of 100 points, and loan applications will receive a score based on their cumulative point total. Each loan will then fall into one of three risk categories:

70-100 Points – Low Risk

50-70 Points – Moderate Risk

0-50 Points – High Risk

GUARANTORS

Loans shall be guaranteed by the business and personally by the borrower and personal guarantors (all owners with 20% equity or more in the business are required to be a guarantor). The Davis Fund Board may waive personal guarantees in cases of unique corporate structures. **Personal guarantors are liable to pay back the loan to the Davis Fund even if the business fails.**

G. REQUIRED DOCUMENTS

The following financial documentation is required for loan consideration. Please submit copies electronically and keep the original documents.

BUSINESS TAXES

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

BUSINESS FINANCIALS

For existing and 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.

PERSONAL TAXES/OTHER INFORMATION

Three years of federal and state income tax returns including all schedules and W-2 forms and credit scores 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, the applicant must also provide recent mortgage as well as evidence of the collateral value.

BUSINESS LOCATION

Provide a copy of the existing or proposed lease agreement, mortgage statement, or other evidence of business being located in Davis County.

ARTICLES OF INCORPORATION

Provide a copy of the existing or proposed Articles of Incorporation and any by-laws to legally document the creation of the business.

BUSINESS PLAN

Provide a copy of your business plan. The plan should convey a thorough understanding of the purpose of the business, who the target market is, the competitive environment, and how the company will adapt to fulfill its objective. The business plan should also include a complete analysis of the funds needed to meet its objectives including a current financial snapshot and projections.

Your business plan should include the following:

- Executive Summary
- Product/Service Description
- Market & Marketing Strategy
- Economic/Neighborhood/Human/Environmental Impact
- Management Team (bios or resumes)
- Financial Structure

H. CHECKLIST

SUBMIT APPLICATIONS

- Part A Application
- Part B Application

REQUIRED DOCUMENTS

BUSINESS PLAN

- Executive Summary
- Product/Service Description
- Market & Marketing Strategy
- Economic/Neighborhood/Human/Environmental Impact
- Management Team (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
- Credit report with credit score (for all guarantors, must be current)
- Explanation of any derogatory credit report information
- Personal 3 year tax returns (for all guarantors)
- Existing companies; 3 year business tax returns (or number of years filed)

LOCATION

- Lease (copy of lease agreement)
- Own (copy of mortgage statement)
- Other (explain)

COLLATERAL

- Evidence of collateral value

LEGAL STRUCTURE

- Sole Proprietorship LLC Corporation Partnership Nonprofit Other (explain)
- Articles of Incorporation and by-laws
- Verification of disadvantaged business owner status (Federal certification, income verification, Veteran ID, etc.)

SUBMIT PAPERWORK

- Submit materials electronically (davisfunded@gmail.com)