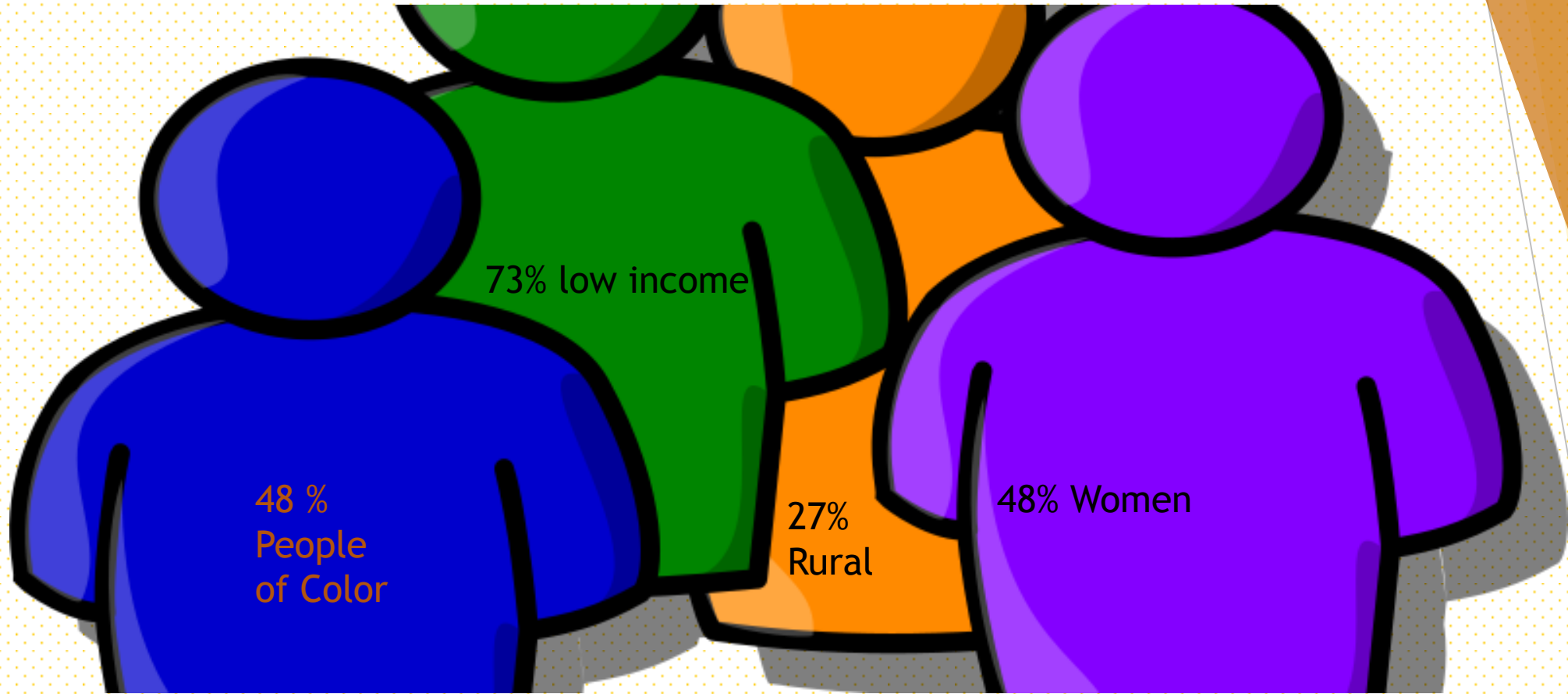


# The Funding Desert

Who Funds These areas:

- Venture – If Large Market Size
- Factoring
- Asset Funder



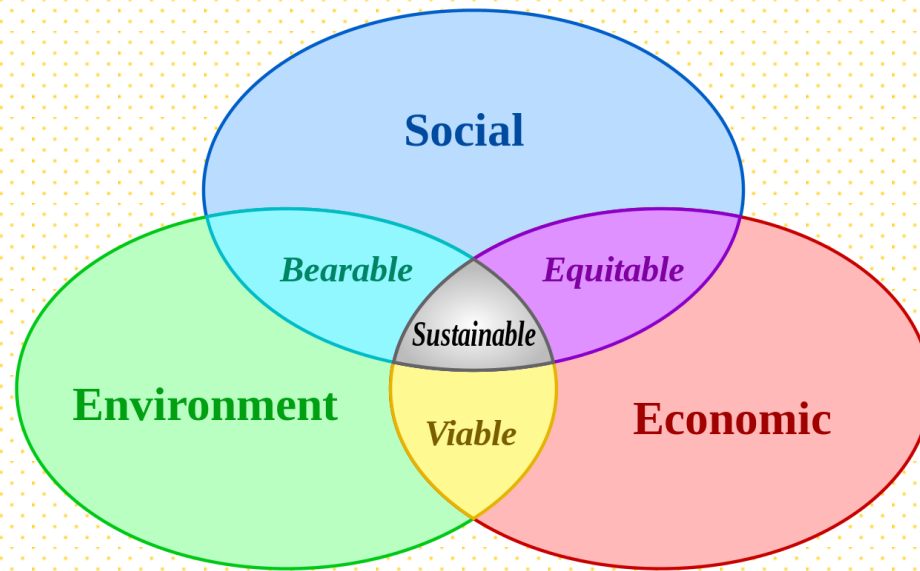


## Solving Underserved Populations

Creating Opportunities for these populations with non-dilutive products

# Tangible Impacts

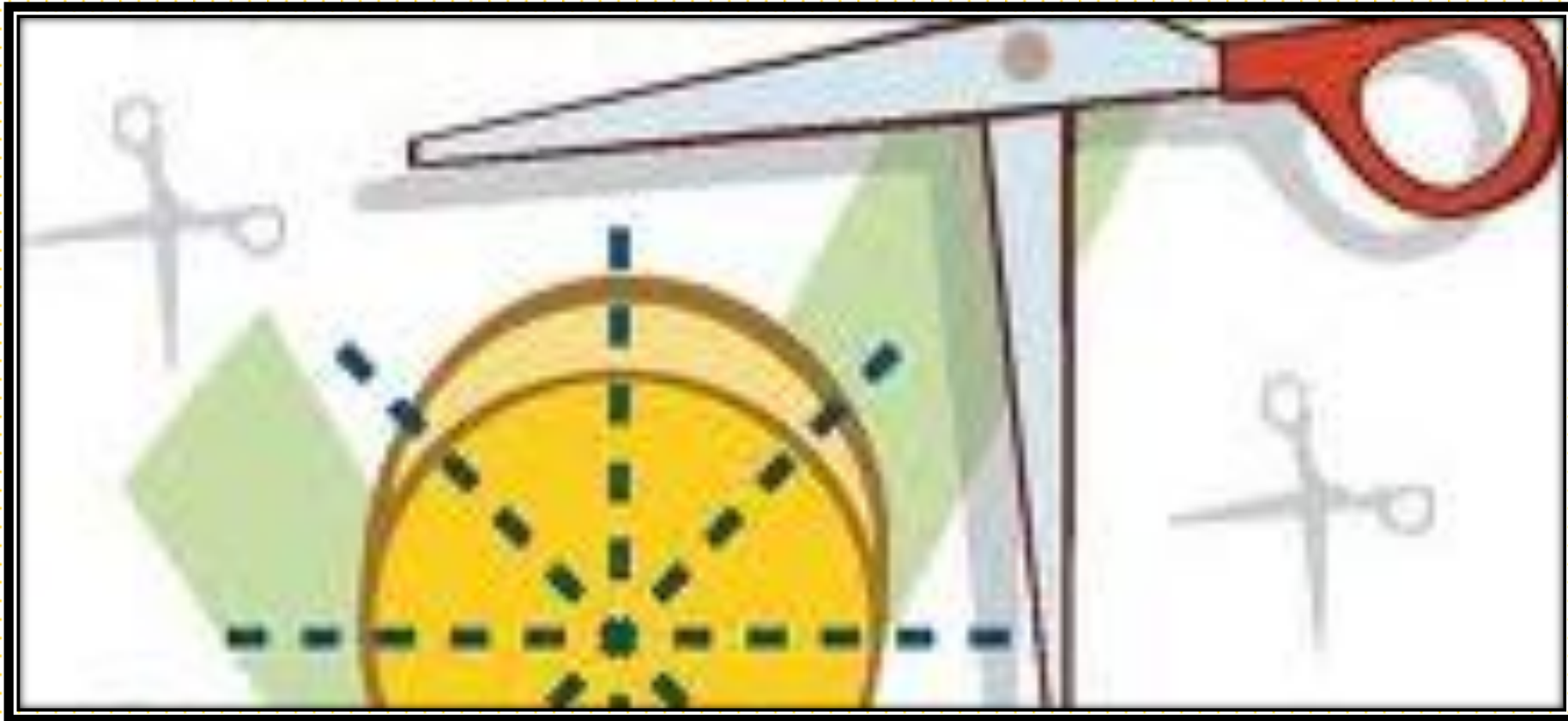
- 143,00 business nationwide funded through like programs
- 1mm jobs





## Spreading Risk/Sharing Risk

Loan Losses nationwide in such programs is less than 1%



## Reducing costs of individually managed programs

Program management, locally developed markets and products



**UTAH CENTER FOR  
NEIGHBORHOOD  
STABILIZATION**



# UTAH FUNDING

Utah Economic Development Loan Fund  
(Utah EDLF)

# Utah EDLF Background

The Utah Economic Development Loan Fund (Utah EDLF) is a unique financial resource which supports economic development and job creation in the State of Utah by funding companies which it deems credit worthy, but do not qualify for traditional financial institution financing.



# Utah EDLF Background

Utah EDLF will follow guidelines for community development similar to CRA guidelines, such as:

- Activities which revitalize or stabilize low-moderate income areas;
- Activities which promote economic development by financing small businesses; and
- Permanent job creation, retention, and/or improvement for low-moderate income persons

# Fund Management

The Utah EDF will be managed by Utah Funding. The management work product will consist of two major functions. The first function will be to assist in the development of the loan products and policies and procedures. This will lay the groundwork for the implementation of the program.

The second management function will be to oversee the loan program by undertaking the mechanics of the loans. This is the implementation function.

# Utah EDLF Members

## Lenders

- We anticipate initially having 2-4 lenders that will provide \$7MM in debt to the fund. The lenders will have a seat on the loan committee and a majority of the lenders will have to approve each loan.

## Utah Funding

- Utah Funding will provide \$400,000 in general loan loss reserves. They will also have a vote on the loan committee and will be the fund manager.

# Utah EDLF Terms

It is anticipated that the Utah EDLF will have a term of 7 years. There will be a 2 year draw down period followed by a 5 year repayment period. Individual loans in the fund cannot exceed 5 years. It is anticipated that the Lenders will renew the loan each year for an additional year. Any Lender that does not renew will still be required to fund during the remaining draw down period.

# Utah EDLF Loan Loss Reserve (LLR)

The initial fund size is anticipated to be \$7MM with a LLR of 20% or \$1.4MM. Utah CDFI will provide a general LLR of \$400,000 and the governmental entities will provide a total LLR of \$1MM. This governmental LLR must be from non federal funds and will be in 1<sup>st</sup> loss position on loans financed in the governmental entities target market. The Utah CDFI LLR will be a general LLR and will be in 2<sup>nd</sup> loss position on all loans.

Governmental entities will provide \$100,000 in LLR for each \$700,000 of loan funds available to them. The \$100,000 will be committed upfront and paid as loans are originated.

# Utah EDLF Products

The loan products will be based on recommendations from the Utah CDFI and the various governmental entities based on what is needed in their market. The final loan products must be approved by the loan committee. Their approval will include minimum and maximum loan amounts, product types, product terms and minimum and maximum Interest rates.

# Utah EDLF Products

It is anticipated that the loan products may include the following:

- Equipment Loans
- Working Capital Loans
- Accounts Receivable Loans
- Unsecured Loans
- Real Estate Loans

# Utah EDLF Loan Loss Reserve (LLR)

## Exhibit "A"

Fee Payout	LLR Fully		LLR Needs to	
	Min	Max	Min	Max
Origination Fee (CDFI/Government Entity)	0.50%	1.50%	0.50%	1.50%
CDFI - Underwriting Fee	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Origination Fee	1.00%	2.00%	1.00%	2.00%
<b>Interest Payout</b>				
CDFI - Administrator - Service Fee	1.00%	1.00%	1.00%	1.00%
CDFI - LLR Fee (on allocated amount to each loan)	0.80%	3.20%	0.80%	3.20%
Loan Loss Reserve	0.00%	0.00%	1.00%	7.80%
Pro-rata Share to Lenders/CDFI	<u>4.00%</u>	<u>11.80%</u>	<u>4.00%</u>	<u>4.00%</u>
Total Interest Rate	6.80%	18.00%	7.80%	18.00%