

OPPORTUNITY LOAN FUND

WHAT IS IT?

The purpose of the Opportunity Loan Fund (“Let Atlanta Soar” or the “Fund”) is to stimulate job creation in the City of Atlanta. The Fund will provide “gap” financing to assist small and medium-sized businesses who create at least five new jobs in the City of Atlanta. ADA will provide loans of \$100,000-\$200,000 at an interest rate of one-half (1/2) of the current prime interest rate plus 2% (1/2 Prime+2), with a minimum rate of 4%. The Opportunity Loan Fund is funded by the City of Atlanta.

Loan Terms

Eligibility—For profit businesses located in any commercial and industrial area of the City of Atlanta are eligible for this loan program provided that they meet the loan criteria established herein. Start-up businesses must have a minimum of 20% equity.

Special consideration will be given to employers in the six development priority areas in the New Century Economic Development Plan for the City of Atlanta. The six priorities areas are:

- Campbellton Road
- Donald Le Hollowell Parkway
- Jonesboro Road
- Memorial Drive Corridor
- Simpson Road
- Stadium neighborhoods
- Mechanicsville
- Peoplestown
- Pittsburgh
- Summerhill

Fees – Application fee of \$100 and a loan commitment fee of 2% of loan amount are paid at the time of application and commitment, respectively

Typical Structure

The Opportunity Loan Fund typically funds 50% of costs, with the other 50% coming from private sources, including capital investment by the borrowers or others, financing from private entities and/or SBA affiliated loan programs.

Loan Size – Minimum of \$100,000; Maximum of \$200,000

Quality Employment – At least five (5) new jobs shall be created in the funded project within the first year of funding. Employers would be required to meet or exceed market-based wage thresholds for the specific industry and provide healthcare coverage.

Term of Loan – Maturity dates up to 3 years for inventory and working capital; 5 years for fixed assets; 7 years on leasehold improvements (loan terms shall not exceed the lease agreement or financial institution terms); and 15 years for property acquisition.

Loan Participation – All loans shall be matched at least by a 1:1 ratio with equity and/or a loan from a private sector financial institution.

Type of Collateral – Subordinated mortgage or lien on assets purchased with loan; personal guarantees will be required by all persons who own 20% or more interest in the business; corporate guarantees; other personal property; additional guarantees might be required and shall be determined on a case by case basis.

Interest Rate – Interest rates shall be set at ½ of prime + 2 with a minimum interest rate of 4%.

Monitoring and enforcement standards – To ensure that the businesses receiving loans are achieving the job creation results, ADA will monitor the performance of each loan recipient for the first two years. We will require businesses to provide compliance reports semi-annually.