

# **Atlanta Open for Business Fund Atlanta Commercial Down Payment Assistance Loan Program Guidelines**

The Atlanta Development Authority (ADA) dba Invest Atlanta, as part of the Wells Fargo Open for Business Fund, has launched the Atlanta Commercial Down Payment Assistance Loan Program to support local small businesses located in the city of Atlanta. This program offers a financial tool to assist existing business owners in the city of Atlanta prevent business displacement by acquiring commercial property.

## **ELIGIBILITY & REQUIREMENTS**

Eligible applicants include the following:

- For-profit corporations, partnerships, or sole proprietorships
- Existing small businesses with a City of Atlanta business license
- Existing small businesses interested in acquiring commercial real estate in the city of Atlanta with emphasis in low-income census tracts, Federal Opportunity Zone areas, disadvantaged neighborhoods or a New Markets Tax Credit approved area neighborhood
- Applicants who can demonstrate growth potential in their industry
- Applicants who are current with all personal and business debt when applying for financing
- Applicants who will occupy 50% or more of the purchased building
- Non-profit organizations whose revenue is derived 51% or more from for-profit activities
- Food service businesses whose revenue is derived 51% or more from food sales

## **LOAN FEATURES**

### **Type of Loan Product**

The Program will provide a direct loan to applicants for up to 20% of commercial costs, not to exceed \$200,000. All loans will have a six-month deferment before the first payment is due.

### **Uses of Loan Fund**

Loans shall be made for the purchase/acquisition and related renovations of a building zoned commercial within the city of Atlanta.

### **Loan Size**

Minimum of \$25,000; Maximum of \$200,000.

### **Interest Rate**

Between 1% and 3%.

### **Loan Maturity**

Up to 10 years with a six (6) month deferment prior to the first payment; loan amortized over a 25-year period or equivalent of amortization schedule for standard commercial loans. There is no pre-payment penalty for paying off loans early. Any loan recipient that maintains ownership over 10 years shall have the option of having the remaining loan balance amortized based upon a 15-year period at a 3% interest rate.

### **Type of Collateral**

Business assets and corporate and personal guarantees in the form of property insurance naming ADA, as an agent for the City of Atlanta as a loss payee and additional insured.

**Loan Conversion**

After 10 years of consistent payments and meeting claw back provisions, the business can apply to convert the loan to a grant.

**Claw back Provisions**

ADA reserves the right to request payment in full in the event the following criteria are not met. The loan recipient:

- Must occupy at least 50% of the commercial space
- In order to maintain affordability, cannot rent the remaining space for more than 70% of the current market rate
- Must purchase a commercially zoned building in the city of Atlanta targeted area
- Must commit to using WorkSource Atlanta to hire local talent
- Within the first two years of operation, must hire at least one worker who resides in a low to moderate income census tract, Federal Opportunity Zone area, disadvantaged neighborhood or a New Markets Tax Credit approved area neighborhood
- Must participate in ADA’s Technical Assistance Program
- Must provide 5 years of reporting results
- Agrees to work with ADA to identify and define the borrower’s Community Impact Contribution. Examples include a commitment to creating access to fresh produce, dedicating exterior walls for a community mural, volunteering to clean up surrounding neighborhood, and running a community food drive.
- Agrees to pay the following percentages if he or she sells the building in less than 10 years. The percentages are based upon the number of years Borrower has owned the Property:

<u>Number of Years of Ownership</u>	<u>Percentage of Gain Paid to Lender</u>
1	80
2	50
3	50
4	50
5	40
6	30
7	20
8	10
9 or more	0

“Gain” as used herein means the sales price of the Property less the sum of (i) the transaction costs of Borrower with respect to the sale (as approved in Lender’s sole discretion), (ii) the amount required to repay all loans secured by liens on the Property, and (iii) the amount Borrower can document in a manner satisfactory to Lender that he or she expended on capital improvements to the Property from sources of funds other than the loans specified in clause (ii) above.

**APPLICATION PROCESS & TMELINE**

### **Application Requirements**

**In addition to a completed application, applicants must upload the following documents with their application in the Neighborly application portal:**

### **Required Due Diligence Requirements**

- 1) Personal Documents:
  - Personal Financial Statement
  - Management Resume
- 2) Business Plan and Projections:
  - 12-Month Cash Flow Statement
  - Business Plan
  - Source and Use of Funds Statement
  - Year 1 Financial Projections
  - Narrative Assumption
- 3) Financial Information:
  - Personal Tax Return
  - Interim Profit & Loss Statement
  - Business Tax Return
- 4) Applicable Information:
  - Commitment Letter from bank or other funding source
  - Existing or Proposed Real Estate Purchase Agreement
  - At least two (2) different contractor estimates on construction projects
- 5) Additional Information:
  - Certificate of Organization from the Secretary of State's Office
  - Notarized SAVE Affidavit
  - Form W9
  - Labeled pictures of the exterior and interior of building being purchased
  - If not a U.S. Citizen, proof of resident alien status (PHOTOCOPY both sides of "Green Card")

Applications will be accepted on a continuous basis. Awarding of loans is subject to funding availability. Invest Atlanta staff will review all completed applications. The process for awarding loan dollars includes the following steps:

- 1) Completion and submission of the application via the Neighborly application portal
- 2) Application review & approval by Small Business Credit Review Committee
- 3) Execution of the Commitment Letter
- 4) Execution of Loan Closing Documents
- 5) Disbursement of loan proceeds via Invest Atlanta's draw down process
- 6) Execution of loan repayment process, after a six-month deferment period