



# SMALL BUSINESS LENDING PROGRAMS

*Revolving Loan Fund Program and  
Neighborhood Business Revitalization Program*

**GROWDENVER**  
The Office of Economic Development



# FUNDING THE GROWTH OF DENVER'S SMALL BUSINESSES

When it comes to starting up or expanding a business, access to capital is often one of the top obstacles faced by entrepreneurs. To help spur the growth of Denver's

small businesses, create new jobs and spark neighborhood revitalization, the Denver Office of Economic Development (OED) offers financing programs for qualifying businesses.

OED's Neighborhood Business Revitalization (NBR) program and Revolving Loan Fund (RLF) program provide "gap" financing to enhance the ability of business owners to secure the necessary capital to finance start-up ventures or business expansion projects. Funded through the U.S. Department of Housing and Urban Development's Community Development Block Grant program, the NBR and RLF programs have helped revitalize underutilized or deteriorated commercial and industrial buildings throughout the City. In fact, several business districts have experienced an economic renaissance as a result of these lending programs, including South Broadway, Santa Fe Drive, Highlands Square, the Ballpark neighborhood and others.

*This brochure details both lending programs. For more information, or to get started with preparing a financing application, contact the Denver Office of Economic Development.*

## PROGRAM CRITERIA

	Revolving Loan Fund (RLF)	Neighborhood Business Revitalization (NBR)
<b>Location</b>	Business must be located in either the RLF or NBR targeted area ( <i>see map on adjacent page</i> ).	
<b>Loan requirements</b>	<p>Make a majority of the new or retained jobs available to low- and moderate-income Denver residents, offering adequate training for entry level employees and public transportation if needed.</p> <p>Create or retain at least the equivalent of one full-time job per \$35,000 in RLF loan proceeds.</p> <p>Project must demonstrate the ability to repay loan.</p>	<p>Create jobs in the target neighborhood, provide goods or services to adjacent Denver neighborhoods. Create or retain at least the equivalent of one full-time job per \$35,000 in NBR loan proceeds.</p> <p>or</p> <p>Assist in the elimination of slum and blight conditions in one of the NBR areas. Project must demonstrate the ability to repay loan.</p>
<b>Funding availability</b>	<p>Up to \$350,000 per project;</p> <p>Commit new equity and new private financing to the project to account for at least 75% of the total project cost (private commitments for minority and women-owned businesses must account for at least 70% of the total cost).</p>	<p>Commit new equity and new private financing to the project for at least 50% of the total project.</p> <p>Note: In most cases, OED expects a higher level of private financing commitments.</p>
<b>Collateral</b>	Adequate collateral must be provided to secure the loan.	
<b>Necessity of funds</b>	Provide sufficient evidence that the funds requested from OED are necessary for the project to succeed.	
<b>Eligible expenses</b>	Eligible project costs include real estate acquisition, new construction, rehabilitation, equipment and machinery purchases, inventory and working capital. Refinancing of existing debt is not eligible.	
<b>Interest rates &amp; terms</b>	Interest rates, terms and amortization of the loan will be structured by OED to allow a reasonable rate of return to investors and adequate cash flow to service project debt.	



# OED SMALL BUSINESS LENDING SUCCESS STORY

*The following fictitious example illustrates how OED's Small Business Lending programs can work in conjunction with other sources of capital to finance a business project.*

**Business:** The FAX Bakery and Coffee Shop

**Project Profile:** An existing company decided to expand its business operations to meet the growing needs of the surrounding neighborhood of East Colfax. The project required façade improvements, interior renovation including additional seating and food preparation space, FF&E purchases and working capital for marketing and overhead expenses.

**Program Success:** The business owner renewed and negotiated a below market rate long-term lease in exchange for improvements she would make to the building. A neighborhood bank agreed to finance up to the 50% of the proposed project but the business owner could only provide a 10% cash equity contribution. The owner submitted



## HOW TO APPLY

*Getting started is simple. The application process takes about two to four weeks. Just follow these steps:*

- **Review OED's *Nine Steps on How to Start a Business*** (especially if you have a start-up venture). This publication is available online at [www.milehigh.com](http://www.milehigh.com) and through the Denver Business Assistance Center, 201 W. Colfax Ave.
- **Contact an OED Small Business Lending Group's Economic Development Specialist** for more information about the NBR and RLF programs, application requirements and required business plan information. If you need help in preparing a loan application, our specialists can refer you to a technical resource center for further assistance.
- **Submit a preliminary business plan** to enable OED's specialists to make an initial eligibility determination of the project.
- **Secure all of the private equity and debt** (outside of the NBR/RLF program) for the project which may include commitments from banks, Small Business Administration and other financial institutions. If sources of funding fall short of meeting all of your financing needs, you may submit a formal application for NBR/RLF funding to OED. Remember that you must secure at least 50% of the funding for NBR projects and 75% of the funding for RLF projects before OED can complete a final review of your application.

an application to OED for the remaining “gap” in the project’s financing. Recognizing the value of this project’s job creation and much needed services to the neighborhood, OED provided financing for the remaining 40% of the expansion cost. The loan was collateralized with the business assets and the personal residence of the owner.

### Uses/Sources of Funding:

#### Uses:

Façade improvement	\$ 50,000
Interior renovation	\$ 100,000
FF&E ( <i>furniture, fixtures &amp; equipment</i> )	\$ 75,000
Working capital	\$ 25,000
<b>Total</b>	<b>\$ 250,000</b>

#### Sources:

Bank loan	\$ 125,000
NBR loan	\$ 100,000
Owner’s equity contribution	\$ 25,000
<b>Total</b>	<b>\$ 250,000</b>



## ONCE YOUR FUNDING IS APPROVED

*Depending on the complexity of the project, the closing process will take approximately 6–10 weeks for the following steps to occur:*

- The City Attorney’s office will prepare a formal agreement delineating the terms and conditions of the loan.
- Once your company approves the terms of the loan agreement, this document will be routed through various City agencies for execution.
- Once the loan agreement has been fully executed, a loan closing will be scheduled.
- You will be required to submit a formal request to draw down funds with acceptable supporting documents to the Economic Development Specialist.
- After closing, you’re on your way to having your business operations up and running!

## CONTACT US

*For more information, contact the Denver Office of Economic Development.*

**Phone:** (720) 913-1999

**Online:** [www.milehigh.com](http://www.milehigh.com), [denverbac@denvergov.org](mailto:denverbac@denvergov.org)

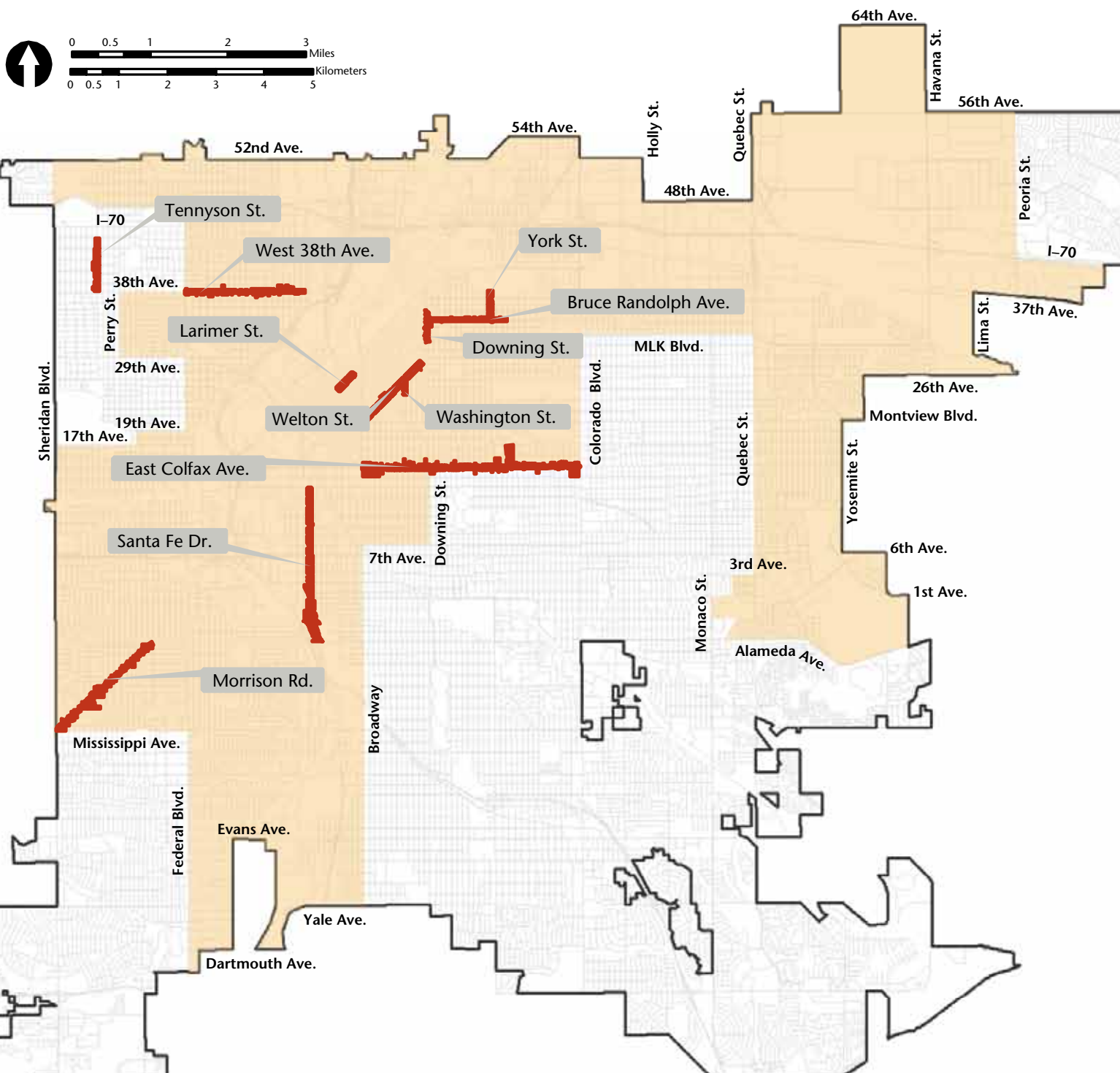
**On Site:** Visit the Denver Business Assistance Center, located in the atrium of the Wellington E. Webb Municipal Office Building, 201 W. Colfax Ave.

# REVOLVING LOAN FUND (RLF) & NEIGHBORHOOD BUSINESS REVITALIZATION (NBR) TARGET AREAS

-  Neighborhood Business Revitalization Corridors
-  Revolving Loan Fund Target Area

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Small business assistance offered by  
the Denver Office of Economic Development.



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The Office of Economic Development

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