

City of Tacoma RLF Frequently Asked Questions:

What is the Revolving Loan Fund?

The City of Tacoma's Community & Economic Development Department, in coordination with the Tacoma Community Redevelopment Authority (TCRA), offer the Revolving Loan Fund Program (RLF). The program is designed to provide funding necessary for a business to launch or expand in Tacoma. This program provides gap financing, which is used in combination with the borrower's other financial resources. The program aims at assisting applicants who do not qualify for available private capital financing or only qualify for a partial loan from a lender and need additional financing to complete the project's cost. In all cases, borrowers must demonstrate the ability to repay the loan.

Who is eligible?

Small businesses and non-profits licensed in and located in Tacoma. A home-based business located within city limits is eligible. A person wanting to open a business in Tacoma is also eligible.

How much can I borrow?

Our loans range from \$5000 - \$500,000.

How is the Revolving Loan Fund different from other loans available to small businesses?

- Flexible terms
- Lower cost financing
- 4% fixed interest rate or 75% of prime rate, better than many other lender options
- Longer amortization schedules than most traditional lenders

What can the loan funds be used for:

- Purchase of equipment & machinery
- Tenant improvements
- Working capital
- Commercial property acquisition and/or renovation or improvements
- Commercial land acquisition
- Soft costs

What can the loan funds NOT be used for:

- Financing a business that will relocate jobs from one commuting area to another
- Financing gambling activity, performances or products of a prurient sexual nature, or any illegal activity, including the cultivation, distribution, or sale of marijuana that is illegal under Federal law
- Exclusively residential properties
- Refinancing existing debt unless some criteria is met
- Acquiring an equity position in a private business
- Acquiring an interest in a business either through the purchase of stock or through the acquisition of assets

Is there an application fee?

Yes, there is a \$150 non-refundable application fee. Microloan applications, loan request below \$25,000 will only have a \$50 non-refundable application fee.

Are there any other fees?

Closing costs and a 1% loan fee is paid at closing.

Is a home-based business eligible?

Yes, as long as the home-based business is permitted by the City of Tacoma and located within city limits.

Are there any collateral requirements?

Collateral pledge for each loan will depend upon the loan amount, the overall risk of the credit (as determined by TCRA), and the availability of personal and business assets to be pledged as collateral. As a general guideline, the combined loan to value (CLTV) will not exceed 100%. The City will not deny a loan for lack of collateral and will be more flexible in the case of women and minority-owned businesses.

Are there any equity/borrower injection requirements?

For each individual loan, a minimum of a 10 percent equity injection is preferred. However, depending on risk and other factors, this minimum threshold may be adjusted especially for loans below \$25,000.

Is a minimum credit score required to be eligible?

While a minimum credit score is not required, adverse credit deficiencies that would cause the underwriter to question the ability and or willingness of the potential borrower to repay the loan will be deemed a valid reason for declining the loan request.

Where does funding from the Revolving Loan Fund program come from?

Most of the funds making the Revolving Loan Fund come from the U.S. Economic Development Administration.

Is there a prepayment penalty?

No

How do I apply?

It is recommended you meet with Will Suarez at the City of Tacoma to discuss the process and to obtain the application. You may schedule an appointment with Will Suarez by emailing him at will.suarez@cityoftacoma.org or by calling 253-591-5590. You may also download the Revolving Loan Fund (Small Business Loan) application from the MakeItTacoma.com website. Checks for the application fee should be made out to **TCRA**. Please mail completed applications to:

City of Tacoma
Tacoma Community Redevelopment Authority
747 Market St., Room 900

Tacoma, WA 98402

How long does it typically take to process an application?

Once all applications materials are submitted and a confirmation from City of Tacoma staff is issued stating your completed application is ready to be processed, it will take approximately 3 weeks to process the application before funds can be disbursed.

Whom can I contact if I have further questions or need clarification about the process?

Please contact Will Suarez, Business Management Analyst, by email at will.suarez@cityoftacoma.org or call 253-591-5590.

Who approves the loan?

The City of Tacoma utilizes the Tacoma Community Redevelopment Authority (TCRA) board, a public community development organization created pursuant to the ordinances of the City of Tacoma, as the responsible entity for review and approval of loan applications recommended by City CED staff and a commercial loan-underwriting consultant.

How long before I know whether I have met all of the application requirements for a loan?

Within three business days of submission, you will be advised by email whether your application has been accepted for processing. If your application is incomplete, it will be returned, along with a description of deficiencies.

How long before I know whether or not my loan has been approved?

Once your application has been accepted for processing, the Tacoma Community Redevelopment Authority (TCRA) will review the application for final approval. The TCRA meets every first and third Thursdays of the month during November and December. Meetings takes place the second and fourth Thursdays of the month from January until October.

If my application for a loan is approved, what happens next?

If your loan request is approved, City staff will notify by email or letter of any additional items necessary to close your loan. Once all requirements are met, a check with the loan amount will be issued.