



WHAT IS THE HUD SECTION 108 EMERGING BUSINESS LOAN FUND (EBLF-108)?

Bay Area Small Business Finance manages the HUD Section 108 Emerging Business Loan Fund (EBLF-108) for the City and County of San Francisco's Office of Economic and Workforce Development.

The purpose of these commercial loans is to maximize economic activity and opportunity in the City of San Francisco by providing financing and assistance to small businesses unable to obtain financing from banks, with a particular focus on:

- Increasing job opportunities of low-to-moderate income residents.
- Supporting wealth creation through entrepreneurship and business ownership.
- Promoting redevelopment and economic development in underserved area of the city.
- Serving as a conduit for the flow of outside capital into the City of San Francisco.

EBLF-108 LOAN FUND OVERVIEW & REQUIREMENTS:

The EBLF-108 is for loans from \$150,000 to \$1 million for businesses located in specific low-to-moderate income neighborhoods:

- Bayview Hunters Point
- Chinatown
- Mission
- South of Market
- Tenderloin
- Visitacion Valley

This loan product has below market interest rates and flexible terms, intended to provide an incentive for companies located in and creating significant employment for low-to-moderate income individuals. Eligible uses of funds include, but not limiting to:

- Commercial real estate purchase
- Business Acquisition
- Furniture, Fixtures, & Equipment

Interest Rate Index, if EBLF-108 funded on 8/30/2013:

Variable rate: 3-month LIBOR + City Cost = 0.25% + 2.60% = 2.85%

Fixed rate: 10-year Treasury + City Cost = 2.78% + 2.60% = 5.38%



- Inventory
- Tenant Improvements
- Working Capital

Loan Amounts:

- \$150,000 - \$1,000,000

Loan Types:

- Fully amortized term loans

Loan Uses:

- Business Acquisition
- Commercial Real Estate Purchase
- Furniture, Fixtures, Equipment
- Inventory
- Tenant Improvements
- Working Capital

Loan Terms:

- 3 – 15 years loan amortizations, longer amortization with real estate purchases.
- Loan amortization determined by use of loan.

Interest Rates:

- Interim Rate: 3-month LIBOR + 260 basis points (variable).
- Permanent Rate: 10-year Treasury note + 260 basis points (fixed).

Loan Fees:

- 1.5% of the loan amount.
- No application fees, low closing costs.

Collateral

- All business assets, including commercial real estate.
- Personal assets (real estate), in some cases.

Basic Criteria:

Interest Rate Index, if EBLF-108 funded on 8/30/2013:

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Fixed rate: 10-year Treasury + City Cost = 2.78% + 2.60% = 5.38%

- Start-ups and existing businesses eligible.
- Business Plan or Executive Summary, with financial projections.
- Demonstrated ability for the business to repay the loan based on actual performance and/or forward looking projections.
- Reasonable credit history.
- Owner contribution of 20% of total project cost for start-ups and 10% for existing businesses.
- Secondary source of income unless business cash-flow is sufficient for repayment.
- Start-ups must have direct industry experience, or hire appropriate management.
- Business must be located and licensed in San Francisco and located within a Neighborhood Revitalization Strategy.
- Create one full-time job for a low to moderate-income person per \$50,000 borrowed.

Personal Guarantees:

- Required, including partners with 20%, or more, ownership.

Citizenship:

- United States Citizen
- U.S. Permanent Resident
- U.S Documented Resident

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