

Oakland Equity Loan Program

Welcome to the City of Oakland Cannabis Equity Loan Program website. This program offers 0% interest four-year loans to Oakland Verified Equity Applicants who fulfill the loan criteria.

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EQUITY LOAN PROGRAM

City of Oakland
November 2018

[Program Summary](#) [Prerequisite Documents](#) [Loan Assessment Tiers](#) [Application Process](#) [Loan Process](#)



Program Summary

- Revolving Loan Program
- Loan Tiers to help build sustainable businesses
- Maximum loan is \$100,000 per individual or business
- Loans are interest free, to be repaid montly over 4 years
- Limited pool of funds

Meet the Consultants – Elevate Impact Oakland

Paula
Groves



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Oakland Equity Loan Program

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HOW TO APPLY

Getting Started

[Program Summary](#) | [Prerequisite Documents](#) | [Tiers](#) | [Loan Process](#)



Prerequisites

- ▶ Register at ElevateImpactOakland.com
- ▶ City of Oakland cannabis permit inspection card for the site where the Loan Applicant intends to operate their business
- ▶ Certificate for Equity Qualified Individual(s) from the Make Green Go's entrepreneurship training course titled "Start, Run and Grow your Cannabis Company"
- ▶ Completed a business plan
- ▶ Completed 12-month monthly financial projections
- ▶ Completed Use of proceeds statement



Funding Tiers

Program Summary | Prerequisite Documents | **Tiers** | Loan Process

FUNDING TIERS					
Tier	Purpose	Loan Amount (Up to)	Monthly Payment	Combined Loan Amount	Combined Monthly Payment
Tier 1	Establish the Business	\$5,000	\$104	\$5,000	\$104
Tier 2	Get Compliant	\$10,000	\$208	\$15,000	\$312
Tier 3	Open the business	\$15,000	\$313	\$30,000	\$625
Tier 4	Start Operations	\$20,000	\$417	\$50,000	\$1,042
Tier 5	Grow the	\$50,000	\$1,042	\$100,000	\$2,084

Considerations



Must meet the Tier requirements to apply



Can apply for more than one Tier at a time



Can apply for the next loan Tier without fully repaying the prior loan if:

Receipts show 70% of previous loan spent on eligible expenses
Current on loan repayments,
Compliant with licenses, permits and taxes



Monthly loan repayments begin one month after funding

Maximum Loan Amount



\$100,000

Maximum loan
amount

per person or
business



Tier 1 – “Establish the Business”

Loan amount – Up to \$5,000

► Potential Use of Funds:

- Legal fees
- Branding (name/logo)
- Consultants
- Staff and contractors

► REQUIREMENTS:

- Completed Prerequisite Documentation
- Completed Loan Assessment Documentation
- Lease, sublease or incubator agreement
- Personal Financial Statement
- Personal and business tax returns from the most recent 2-years.



Tier 2 – “Get Compliant”

Loan Amount up to additional \$10,000

■ Potential Use of Funds:

- Items in Tier 1
- Insurance
- Bookkeeping system
- Accounting fees
- State license fees
- Proof of trademark search and business name usability
- Organization documents for the business entity
- Operating agreement signed by the business partners
- Fictitious business name statement
- City of Oakland business Tax Certificate
- State of California seller’s permit

■ REQUIREMENTS:

- Completed requirement for Tier 1
- Proof of trademark search and business name usability
- Organization documents for the business entity
- Operating agreement signed by the business partners
- Fictitious business name statement
- City of Oakland business Tax Certificate
- State of California seller’s permit



Tier 3 – “Open the Business”

Loan Amount up to additional \$15,000

- Potential Use of Funds:

- Items in Tiers 1 & 2
- Bring space into compliance
- Equipment & furniture
- Architect
- Structural engineer

- **REQUIREMENTS:**

- Completed requirements for Tier 1 and 2
- Temporary, provisional or annual state cannabis license
- Business insurance policy
- Evidence of compliance with Oakland’s Minimum Wage Ordinance
- If Loan Applicant has employees, demonstrates the company is in compliance with Employment Development Department regulations (i.e. payroll tax, unemployment insurance, state disability insurance, etc.),
- Evidence of a bookkeeping system



Tier 4 – “Start Operations”

Loan Amount up to additional \$20,000

► Potential Use of Funds:

- Items in Tiers 1, 2 & 3
- Inventory
- Packaging
- Marketing and Advertising
- Event permits
- IT and Website
- Acquiring more space
- Maintenance/upgrades

► REQUIREMENTS:

- Completed requirements for Tier 1, 2 and 3
- Copy of completed and signed inspection card



Tier 5 – “Grow the Business”

Loan Amount up to additional \$50,000

- ▶ **Potential Use of Funds:** Growth
- ▶ **REQUIREMENTS:**
 - ▶ Completed requirements for Tier 1, 2, 3 and 4
 - ▶ Proof that the business is EITHER
 - ▶ 100% owned by individuals satisfying the City of Oakland equity criteria as evidenced by the operating agreement; OR
 - ▶ Will match the City of Oakland loan amount in cash with an equal size loan or investment from a Third-Party as evidenced by a completed and signed “Tier 5 Equity Loan Match Form”.

Ineligible Use of Loan Funds

- Unlicensed cannabis business
- Non-cannabis businesses that serve the cannabis industry
- Buying unlicensed inventory
- Personal expenses or the acquisition of personal property such as cars, homes, etc.
- Relending or investing
- To engage in prohibited operations as specified in the regulation





Loan Approval Process

Program Summary Prerequisite Documents Loan Assessment Tiers Application Process Loan Process

STEP 1: Online Application

- ▶ Register for an account at www.ElevateImpactOakland.com
- ▶ Complete the loan application online
- ▶ Paper applications will not be accepted.
- ▶ Applications can be completed online at local public libraries.
- ▶ Must fulfill all Prerequisites and Tier requirements.



STEP 2: Application Review

- Loan applications are reviewed by Elevate Impact to ensure Tier requirements are met and required documents are submitted.
- If complete, the Applicant receives email saying that the application has been sent for Loan Committee for review.
- If not complete, the Applicant receives email stating what is missing and the Applicant will be able to complete and resubmit their application.



STEP 3: Loan Committee Review



Loan Application is submitted to Loan Committee for review and *Equity Loan Assessment Scoring*. Application must receive 60 out of 100 points for approval.



If score is 60 points or more, email is sent saying application has been approved and will be sent to loan closing.



If score is 59 points or less, applicant is contacted to explain how to improve their score. Applicant can then resubmit their Loan Application.

Equity Loan Assessment Score

Program Summary Prerequisite Documents Loan Assessment Tiers Application Process Loan Process

City of Oakland	
Equity Loan Assessment Score	
<p>The Equity Loan Program seeks to both provide access to capital for Verified Equity Applicants and achieve high repayment rates so funds can be lent to help more businesses be successful. In order to meet this dual outcome, Loan Applicants must undergo an assessment process (aka underwriting) where the loan application will be evaluated and scored based upon the point system below which takes into account both the applicant's need for funds and their ability to repay the loan. This assessment process will result in the Loan Application "Equity Loan Assessment Score".</p> <p>In order to obtain a Loan, an application must receive a Equity Loan Assessment Score of at least 60 points. Loan Applicants can re-apply if their Loan Application does not receive the required minimum score.</p> <p>There are 100 total points available.</p>	
TOTAL AVAILABLE POINTS	
1	Is the business 100 % owned by Equity Qualified Individuals?
15	
2	Does the Loan Applicant have at least one year of managerial work or volunteer experience that can be verified through a resume, experience form, reference, description in the business plan and/or company research?
15	
3	Do(es) the operating partner(s) have at least one year of managerial work or volunteer experience that can be verified through a resume, experience form, reference, description in the business plan and/or company research?
10	
4	Business plan completeness
	a. Did the Loan Applicant answer each business plan question in line with industry standards?
7	
	b. Did the Loan Applicant provide 12-month monthly projections for the first year of the business in line with industry standards?
7	
	b. Did the Loan Applicant provide a certificate which shows that the verified equity applicant individuals completed the Make Green Go Entrepreneurial Course, "Start, Run and Grow your Cannabis Company"?
6	
	Total for Business Plan Completeness
20	
5	Verifiable business network
	a. Did the Loan Applicant provide a current or future customer reference?
3	
	b. Did the Loan Applicant provide a current or future supplier reference?
3	
	c. Did the Loan Applicant provide a reference from someone they have worked previously (former boss, employee, partner, customer, volunteer relationship, Other - specify)?
3	
	d. Did the Loan Applicant list any current or future strategic or joint venture partnerships (specify)?
3	
	e. Did Loan Applicant provide a personal reference?
3	
	f. Did the Loan Applicant provide a reference from someone from whom they borrowed and repaid at least \$1,000?
3	
	Total for Verifiable Business Network
15	
6	Track record
	Did the Loan Applicant describe a project that they completed which produced a successful result or achieved a meaningful accomplishment (work, volunteer, other, specify)?
12	
7	Business Investment
	a. Has the Loan Applicant invested in the business?
5	
	b. Does the Loan Applicant have partners that have already provided or are willing to provide capital to the business?
5	
	Total for Business Investment
10	

Equity Loan Assessment Score

The Equity Loan Program seeks to both provide access to capital for Verified Equity Applicants and achieve high repayment rates so funds can be lent to help more businesses be successful. In order to meet this dual outcome, Loan Applicants must undergo an assessment process (aka underwriting) where the loan application will be evaluated and scored based upon the point system below which takes into account both the applicant's need for funds and their ability to repay the loan. This assessment process will result in the Loan Application "Equity Loan Assessment Score".

In order to obtain a Loan, an application must receive a **Equity Loan Assessment Score of at least 60 points**.
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There are 100 total points available.

TOTAL AVAILABLE POINTS		100
1	Is the business 100 % owned by Equity Qualified Individuals?	15
2	Does the Loan Applicant have at least one year of managerial work or volunteer experience that can be verified through a resume, experience form, reference, description in the business plan and/or company research?	15
3	Do(es) the operating partner(s) have at least one year of managerial work or volunteer experience that can be verified through a resume, experience form, reference, description in the business plan and/or company research?	10
4	Business plan completeness	
	a. Did the Loan Applicant answer each business plan question in line with industry standards?	7
	b. Did the Loan Applicant provide 12-month monthly projections for the first year of the business in line with industry standards?	7
	c. Did the Loan Applicant provide a certificate which shows that the verified equity applicant individuals completed the Make Green Go Entrepreneurial Course "Start, Run and Grow your Cannabis Company"?	6
	Total for Business Plan Completeness	20
5	Verifiable business network:	
	a. Did the Loan Applicant provide a current or future customer reference?	3
	b. Did the Loan Applicant provide a current or future supplier reference?	3
	c. Did the Loan Applicant provide a reference from someone they have worked previously (former boss, employee, partner, customer, volunteer, relationship, Other - specify)?	3
	d. Did the Loan Applicant list any current or future strategic or joint venture partnerships (specify)?	3
	e. Did Loan Applicant provide a personal reference?	3
	f. Did the Loan Applicant provide a reference from someone from whom they borrowed and repaid at least \$1,000?	3
	Total for Verifiable Business Network	18
6	Track record	
	Did the Loan Applicant describe a project that they completed which produced a successful result or achieved a meaningful accomplishment (work, volunteer, other, specify)?	12
7	Business Investment	
	a. Has the Loan Applicant invested in the business?	5
	b. Does the Loan Applicant have partners that have already provided or are willing to provide capital to the business?	5
	Total for Business Investment	10

7
Categories
are
Assessed

Assessment Categories 1 - 4

1	Is the business 100 % owned by Equity Qualified Individuals?	15
2	Does the Loan Applicant have at least one year of managerial work or volunteer experience that can be verified through a resume, experience form, reference, description in the business plan and/or company research?	15
3	Do(es) the operating partner(s) have at least one year of managerial work or volunteer experience that can be verified through a resume, experience form, reference, description in the business plan and/or company research?	10
4	Business plan completeness	
	a. Did the Loan Applicant answer each business plan question in line with industry standards?	7
	b. Did the Loan Applicant provide 12-month monthly projections for the first year of the business in line with industry standards?	7
	b. Did the Loan Applicant provide a certificate which shows that the verified equity applicant individuals completed the Make Green Go Entrepreneurial Course, "Start, Run and Grow your Cannabis Company"?	6
	Total for Business Plan Completeness	20

Assessment Category 5

5 Verifiable business network

a. Did the Loan Applicant provide a current or future customer reference?	3
b. Did the Loan Applicant provide a current or future supplier reference?	3
c. Did the Loan Applicant provide a reference from someone they have worked previously (former boss, employee, partner, customer, volunteer relationship, Other - specify)?	3
d. Did the Loan Applicant list any current or future strategic or joint venture partnerships (specify)?	3
e. Did Loan Applicant provide a personal reference?	3
f. Did the Loan Applicant provide a reference from someone from whom they borrowed and repaid at least \$1,000?	3
Total for Verifiable Business Network	18

Assessment Categories 6 - 7

6 Track record

Did the Loan Applicant describe a project that they completed which produced a successful result or achieved a meaningful accomplishment (work, volunteer, other, specify)?

12

7 Business Investment

a. Has the Loan Applicant invested in the business?

5

b. Does the Loan Applicant have partners that have already provided or are willing to provide capital to the business?

5

Total for Business Investment 10



Loan Assessment: Documents p.1 of 2

- ▶ Evidence of ownership amount
- ▶ Loan applicant resume or experience questions
- ▶ Partner(s) resume or experience questions
- ▶ Current or future customer reference
- ▶ Current or future supplier reference
- ▶ Work reference



Loan Assessment Documents p. 2 of 2

- Strategic/joint venture reference
- Personal reference
- Reference from one Loan Applicant borrowed and repaid at least \$1,000
- Equity Loan Project Description
- Assessment of Business Plan
- Assessment of 12-Month Monthly Financials
- Assessment of Use of Proceeds Statement



Step 4: Loan Closing

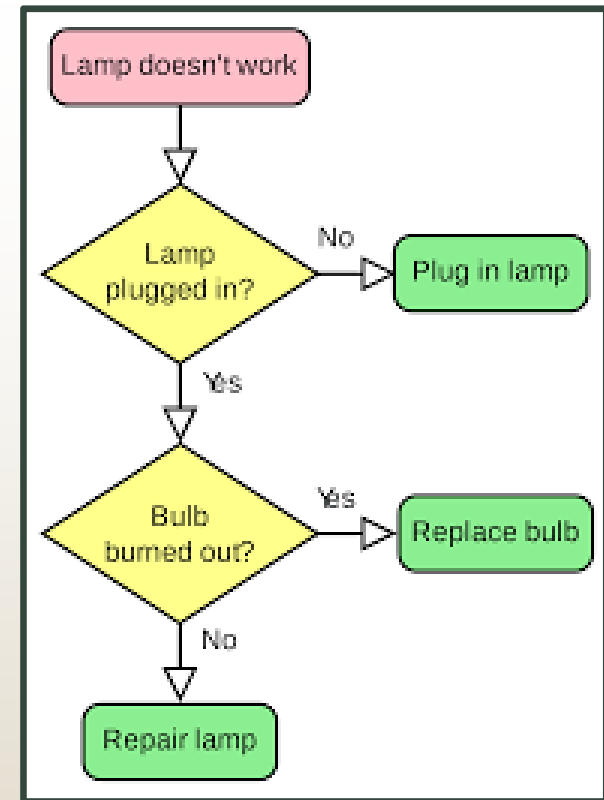
- Email sent to Applicant and City stating loan is approved
- Meet with the Applicant to review, complete and sign the closing documents
- Send completed loan documents for City's signature and payment processing



Step 5: Loan Funding

- Once funds are available, the City of Oakland contacts Applicant to pick up the loan payment and fully executed Loan Agreement at the Special Activity Permits Office and sign for payment receipt


1.Underwriting
2.Funding
3.Post-Close



Process Flowcharts

Underwriting Flow Chart

Key Take Away

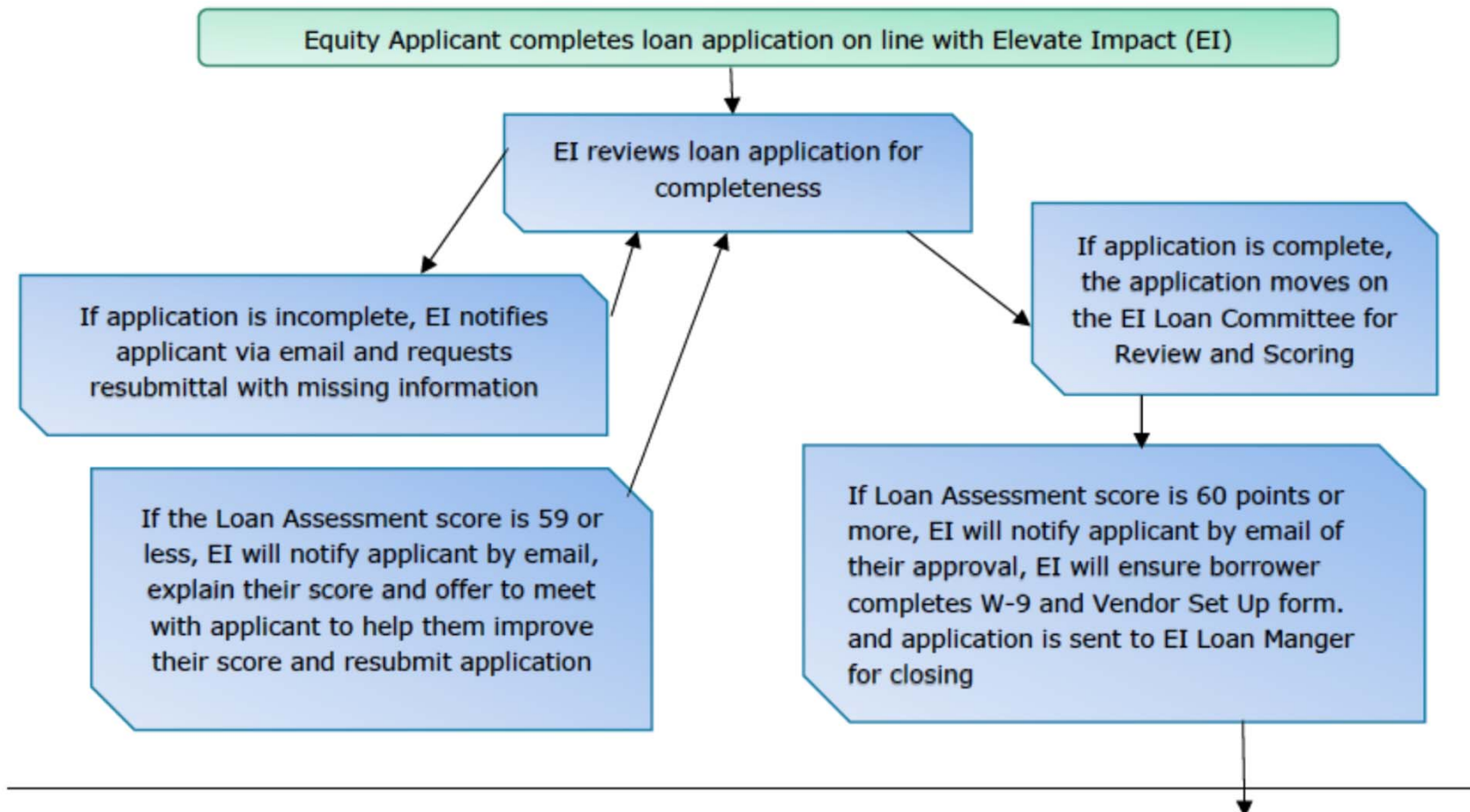


Application
must get 60
out of 100 on
Loan
Assessment



EQUITY LOAN PROGRAM ISSUANCE PROCESS

UNDERWRITING PROCESS



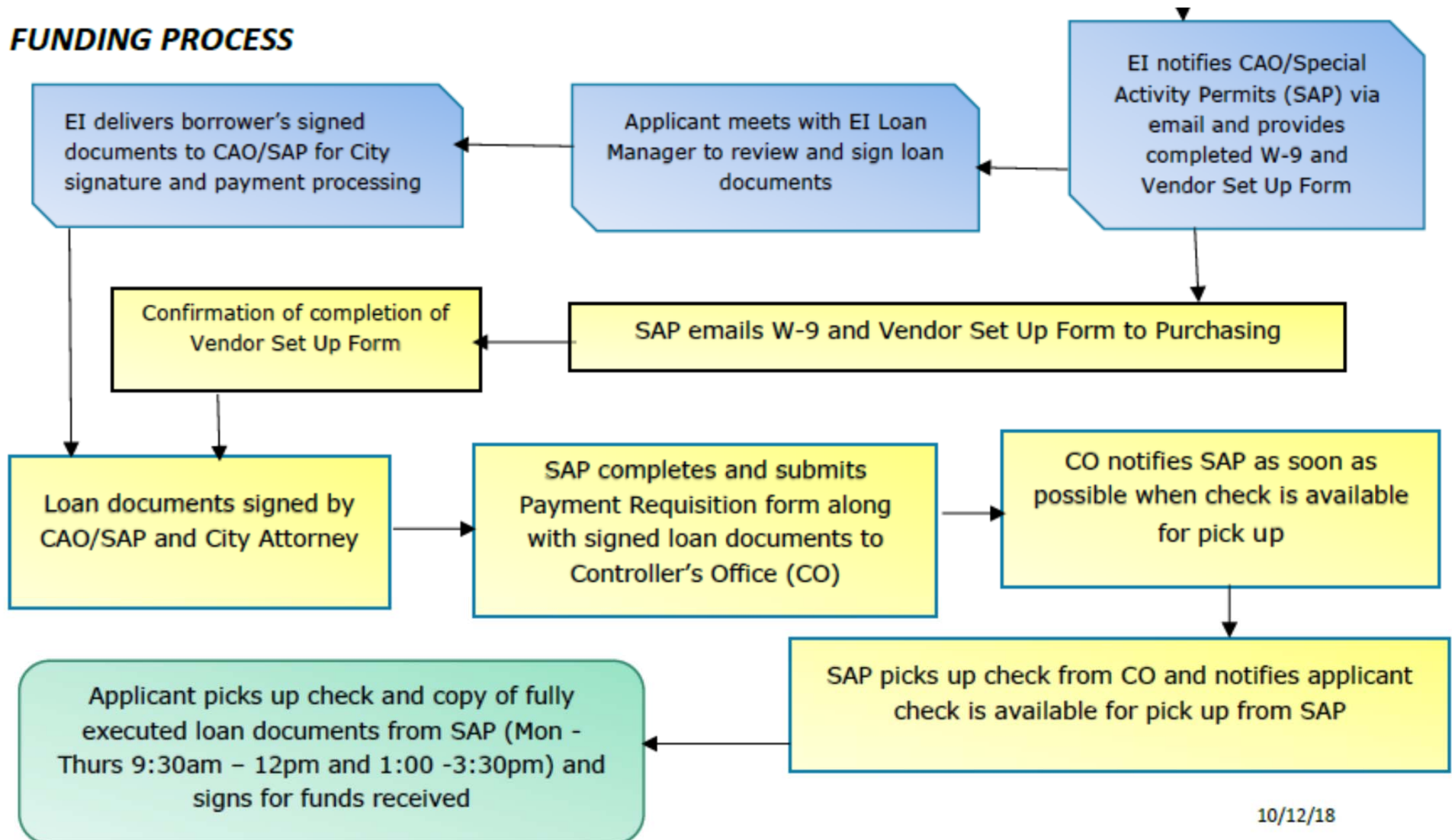
Funding Flowchart

Key Take Away

City will
issue a
check



FUNDING PROCESS



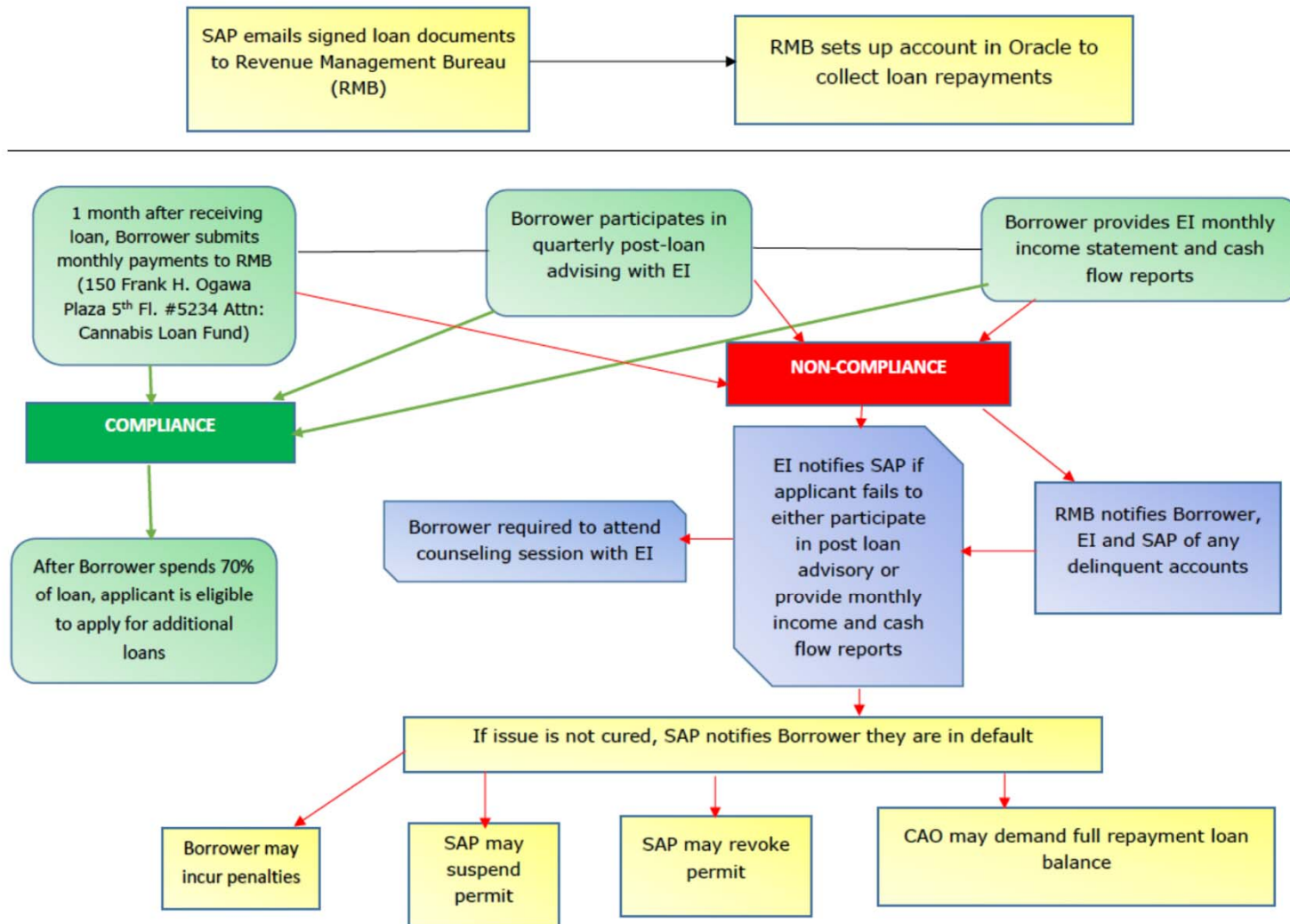
Post-Close Flowchart

Key Take Away

If non-payment,
license could
be suspended
or worse



**EQUITY LOAN PROGRAM
POST-LOAN ISSUANCE PROCESS**



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Get Registered

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Thank you ♦ Questions ♦ Contact Us

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