

**Does your enterprise qualify for tax-exempt bond financing?**

**Pre-Screening Checklist**

- ✓ Not a start-up enterprise
- ✓ In business for more than five years
- ✓ Located within the Federal Empowerment Zone
  - Not sure? Go to the U.S. Department of Housing and Urban Development website to determine whether your address is located in a Federal Empowerment Zone area. <http://www.hud.gov/crlocator>
- ✓ 35% of your employees must reside within the Empowerment Zone
- ✓ If not located within the Federal Empowerment Zone area, you must operate as a manufacturer or a 501(c)(3) non-profit organization
- ✓ Annual revenues between \$8 and \$10 million
- ✓ Financially sound with adequate debt serviceability
- ✓ Ability to secure a 100% Letter of Credit from an acceptable financial institution
- ✓ Financing needs of over \$2 million
- ✓ Assets financed must be depreciable
- ✓ Refinancing permitted only for 501c3 non-profit organizations

**If the following characteristics apply to your organization, you may qualify for bond financing. Contact us at (213) 744-7111.**

**Pre-Screening Questions for potential tax-exempt bond clients:**

1. Are you a start-up?
  - a. If yes, your company does not qualify for bond financing.
  - b. If your answer is no, and your company has been in business more than five years, you may qualify for bond financing.
  
2. Are you located within the Federal Empowerment Zone?
  - a. Not sure? Go to the U.S. Department of Housing and Urban Development website to determine whether your address is located in a Federal Empowerment Zone area. <http://www.hud.gov/crlocator>
  - b. If your answer is yes, does 35% of your employees reside in the Empowerment Zone?
  - c. If your answer is no, are you a manufacturer?
  - d. If your company is not located within the Empowerment Zone, is not a manufacturer, and is not a 501(c)(3) non-profit organization, you do not qualify.
  
3. Are your annual sales between \$8 and \$10 million?
  - a. If your answer is yes, you may qualify for bond financing.
  - b. If your answer is no, what is the rationale for incurring bond obligations?
  
4. Are your financing needs under \$2 million?
  - a. If yes, bonds may not be cost efficient as a financing tool.
  
5. Will the proposed bond proceeds be used for depreciable assets i.e. Land, building and equipment?
  - a. If yes, then it is allowed by the tax code.

- b. If no, it is not permissible to use bond proceeds for working capital and venture capital.
- 6. Will you be refinancing existing taxable debt(s)?
  - a. If yes, you must be a 501c3 non-profit organization
- 7. What is your credit standing? Must be creditworthy.
- 8. Will you be able to secure a 100% Letter of Credit from an acceptable financial institution?