



## Revolving Loan Fund Frequently Asked Questions

### **Who is eligible to borrow?**

- Small businesses with 100 or fewer employees
- Non-profit organizations (except those affiliated with religious organizations)
- Loans to consumers are prohibited
- Loans to churches or religious organizations are prohibited

### **How long should my business have been in operation?**

There is no minimum although loans to start-up or younger (less than 2 years in operation) companies will be reviewed more carefully and carry a higher interest rate.

### **How much may I borrow?**

Loans generally range from \$25,000 to \$200,000

### **For how long may I borrow?**

The term for all loans is 5 years but the loan payment schedule is based on the type of loan and the collateral:

Commercial real estate	Up to 20 years
Machinery / equipment	Up to 10 years
Working capital	Up to 5 years

### **What is the interest rate?**

Rates will be determined at the time of approval based on the type of loan the borrower's history and the level of risk. Loan rates will not be less than 5% or more than 10%.

### **What are the fees?**

There is a non-refundable application fee of \$350.00 paid when the loan application is submitted and a processing fee equal to 1.5% of the loan amount (minimum: \$1,500; maximum \$2,500) paid at the closing of the loan.

### **Do I have to have collateral?**

Yes, there is a requirement that all RLF loans have to be secured. Collateral may consist of business and/or personal assets.

### **Do I have to have cash down payment?**

Yes, all borrowers must have a cash down payment of at least 10% of the project amount (loan amount plus closing costs). Many loans may have a higher down payment requirement.

### **Is there a prepayment penalty?**

No.

### **May I borrow the money directly from TARCOG or do I have to go to a bank first?**

Many RLF loans are done in conjunction with a local bank or credit union but TARCOG will consider loans directly to a borrower.