



## **REVOLVING LOAN FUND GUIDELINES**

- **ELIGIBLE BORROWERS:**
  - Small businesses (100 or less employees)
  - Non-profit organizations
- **ELIGIBLE USES:**
  - Commercial land and building acquisition
  - Construction, renovation / repair of commercial building
  - Machinery and equipment purchases (new or used)
  - Working Capital (major expansions of existing business only)
  - Business acquisitions
- **LOAN AMOUNTS:**
  - Generally, \$25,000 – \$200,000
  - Financing up to a maximum of 90% of project amount
- **TERMS:** All loans have a 5-year maturity with payment schedules based on:
  - 20 years – commercial real estate
  - 10 years - machinery and Equipment
  - 5 years - working capital
- **RATES:** Negotiable, based on current Prime Rate. Minimum rate: 5%, Maximum rate: 10%
- **FEES:**
  - Non-refundable application fee: \$350.00
  - Processing fee: 1.5% of loan amount (minimum: \$500)
  - The application fee will be credited toward the processing fee if loan is approved.
- **BORROWER INJECTION:** Minimum of 10% of project amount, in cash
- **COLLATERAL:** Loans are to be secured by a security interest in assets being financed
- **PERSONAL GUARANTIES:** Required for all shareholders of 20% or more
- **ADDITIONAL REQUIREMENTS:**
  - Financial information and other documentation as stated on attached Checklist
  - Creation of one new full-time job per every \$35,000 in borrowed funds
  - Commitment letters from any/all participating lenders must be included with the application when submitted.
  - Personal credit report required for principals / personal guarantors of the applicant company
  - Applicants will be required to sign a statement confirming that conventional financing of this project was not available through normal lending sources.

### **RLF ADVISORY COMMITTEE**

- Up to 7 committee members
- Members will be drawn from the banking, economic development and business professions.
- Each county in the TARCOG service area will be represented.
- Meetings will be held as needed.
- Meetings may be either in-person called meetings or convened via conference call.

### REVIEW PROCESS

The RLF Coordinator will review submitted applications and those recommended will be considered by the RLF Advisory Committee, either in a called meeting or via conference call. Committee Members will be sent the application documents at least three working days prior to the loan review meeting.

The Committee may recommend approval to the TARCOG Executive Director who will then decide to approve or decline the loan. If approved, a letter of commitment will be prepared by and forwarded to the applicant for signature. This letter will state collateral requirements, terms of the loan, etc. After the borrower has executed the commitment letter and returns it to our office, our legal counsel will prepare the closing documents.

### LOAN CLOSING

All loan closings are held at the office of the TARCOG attorney. TARCOG's closing documents are standard documents and any borrower-initiated modifications to these documents will result in an additional legal fee charged directly to the borrower.

### ADDITIONAL

Borrower understands, and agrees that any funds spent prior to approval by the Loan Review Committee will be at the borrower's risk. This includes, but is not limited to, expenses for appraisals, environmental reviews, etc.