



## POLICY

### Revolving Loan Fund #1

(Last Revised 9/6/18)

**Purpose:** Generally a conventional loan fund offering “friendly debt vis a’ vis friendly interest rates and terms” to established business enterprises seeking “gap” financing in support of business expansion, retention or attraction investments. Exceptions will be considered on a case by case basis related to strategic business or industry opportunities.

**Funding:** RLF #1 was established with grant funds that Genesee County received from the federal Small Cities Program in 1985 and 1986. Since 1985, the GCEDC had administered the fund pursuant to a perpetual agreement with the County and in accordance with Community Development Block Grant (CDBG) guidelines. These funds were defederalized in 2009 and are no longer subject to CDBG guidelines.

**Administered by:** GCEDC

**Approving Board:** GCEDC

**Fund Value at 6/30/13:** \$875,492 (Cash + Loans Receivable)

#### Program Elements:

1. Minimum Loan: \$25,000
2. Maximum Loan: \$150,000
3. Interest Rate: Variable; Prime at the time of loan commitment provided closing within 60 calendar days, otherwise interest rate set at closing; 3% Floor; readjusted annually (in January).
4. Application Fee: \$250 (non-refundable)
5. Origination Fee: 2% + legal and filing fees
6. Amortization Period: 3 to 10 years

7. Fund Participation as % of Current Project Investment: Up to 50%; 10% minimum equity investment preferred; co-participation with other funding sources (bank, economic development loan fund, and/or available equity) required.
8. One or More Required: Pledged Collateral, Corporate Guarantees and/or Personal Guarantees
9. Allowable Funds Usage: Real estate acquisition / improvements, Equipment purchases / upgrades, working capital
10. Evidence of investment and / or funds utilization consistent with GCEDC mission to support enterprise sustainability and job retention and / or enterprise growth and job creation.
11. Additional information required:
  - a. Completed application
  - b. Project financials / project profile to include investment commitments
  - c. 3 year job creation or retention commitments
  - d. Business plan / pro-forma financials and cash flows (if available)
  - e. 3 years historical and current year financials (Income & Cash Flow Statements / Balance Sheet)
  - f. Audited or reviewed financial statements preferred
  - g. Presentation to board of directors may be required
  - h. Copy of third party financing commitment letter
12. Loan repayment required "if" company operations substantially relocate outside Genesee County