

Revolving Loan Fund

The Revolving Loan Fund (RLF) loan is designed to support business activities for which the full amount of needed credit is unavailable from a financial institution. An RLF loan can make up the difference in funds needed to start or improve your business. The program is available to 6 counties in the Brazos Valley Council of Governments (BVCOG) region including Brazos, Burleson, Grimes, Leon, Madison, and Robertson County.

RLF Project Guidelines

- Create or retain at least one permanent job per \$10,000 of RLF money loaned.
- Funding with satisfactory terms & conditions must be unavailable from conventional lenders.
- At least two-thirds (2/3) of the project's loan must be from private lenders
- Borrower must be a qualified for-profit business.
- Project must both originate & remain in an RLF-eligible county.

RLF Loan Limits

- Minimum RLF loan amount is \$10,000.
- Maximum RLF loan amount is \$150,000.
- Minimum ratio of 2 private dollars to 1 RLF dollar.
- Loans with participating private lender of 90% on buildings (10% equity)
- Loans with participating private lender of 80% on equipment (20% equity).

RLF Interest Rates

- Interest rates are based on the current quote of the Wall Street Journal Prime Rate, determined by the RLF Board
- Rates cannot go below 4% or above 14% per annum.

How does a RLF Loan compare to a bank loan?

An RLF loan is similar to getting a loan from a bank in that BVCOG looks for adequate collateral, repayment ability, management ability, & an analysis of debt to equity. However, there are many additional benefits to receiving an RLF loan, including:

- Prompt response to loan requests.
- Longer repayment terms.
- Reasonable interest rates.
- Lower down payments.

- No pre-payment penalties.
- Cooperation with private lenders.
- Allows commercial lenders to do larger projects
- Can be packaged with other financing programs.
- Demonstrates compliance with the Community Reinvestment Act.

RLF Credit Conditions

- Much the same as private lenders.
- Personal guarantees of principals.
- Monthly or quarterly financial statements
- Life insurance on owners & key personnel.
- Evidence of sufficient cash flow to service loan.

RLF Terms

- Up to 25 years on real estate loans.
- Up to 10 years on machinery & equipment loans.
- Up to 5 years on working capital loans.

Types of RLF Loans Available:

- Fixed Asset Loans
- Machinery & Equipment Loans
- Land, Building, & Equipment Improvement Loans
- Working Capital Loans

RLF Objective

The BVCOG RLF's will cooperate with private lenders to fill specific financing gaps in the local capital market, and therefore aid in financing good business ventures that will create permanent, full-time employment opportunities.

RLF Administration

The RLF program will be administered by the Brazos Valley Council of Governments Economic Development Department.

RLF Applications

The BVCOG has appointed and empowered a 20-member RLF Loan Administration Board (LAB), which represents a cross section of the 6 RLF eligible counties. The Loan Administration Board will set policy, and make final decisions regarding RLF loans.