North Iowa Area Council of Governments Revolving Loan Fund

The North Iowa Area Council of Governments (NIACOG) Revolving Loan Fund (RLF) was established to provide a public financing tool to enhance business assistance programs and services to businesses and communities in the NIACOG region. It is the goal of the RLF to provide job creation and retention as a result of the loan.

To accomplish this goal, the RLF provides direct low-interest loans to eligible businesses located in the NIACOG region.

RLF participation is intended to fill capital financing gaps and is to be only part of the overall business strategy for financing.

Initially, a significant portion of assistance provided through the RLF will be for the benefit of businesses and business sectors adversely impacted by the Disasters of 2008.

The NIACOG RLF was established by a $400,000 grant from the U.S. Department of Commerce Economic Development Administration to create a regional RLF. An additional $60,000 was leveraged from the Iowa Economic Development Authority (IEDA) as a match to the EDA award creating a loan pool of $460,000.

Guidance Policies

- Applicants must be sponsored by a local development group

- First round funding will be geared toward industrial expansion at existing or new sites

- Applications will not be considered from companies relocating within the NIACOG region

- NIACOG will not be the prime lender in any deals

- Companies are required to complete the full application

- NIACOG will require signed confidentiality statements from RLF committee members

Application Process

- Applicant contacts NIACOG to schedule a meeting to discuss project viability

- NIACOG issues application to interested business

- Applicant completes and submits loan application including

    Sponsorship signature by EDC representative

    All required documents

    Non-refundable 1.5% loan processing fee

- Application is processed and reviewed by the RLF Committee (approximate turnaround time will be 2-3 weeks)

- Applicant is notified with the RLF Committee's decision

Restrictions on Use of RLF Funds

Funds can not be used for:

- To acquire an equity position in a private business

- To subsidize interest payments on an existing loan

- To provide for borrowers' equity contributions under other Federal agencies' loan programs

- To enable borrowers to acquire an interest in a business (stock/assets) unless evidence is furnished in the loan documentation that doing so will save a business from imminent closure or will facilitate expansions with an increase in jobs.

- To provide funds to a borrower to invest in interest-bearing financial assets

- To refinance existing debt, unless there is sound economic justification

Financing Policies

- A loan limit of $115,000 can be extended to a single RLF participant.

- Loans carry the lower of 4% or 75% of the prime interest rate listed in the *Wall Street Journal* for the term of the loan.

- Loan terms may vary based on the intended purposes of the loan and at the discretion of the RLF Committee (typically 5-10 years; 4-15 years under certain circumstances) for fixed capital loans.

- Loan extensions may be considered in extreme circumstances beyond the original maturity to enhance the capability of the RLF in achieving the program objectives.

- Amortization of the loan will generally be made in equal monthly installments.

- RLF loans may not be utilized as loan guarantee instruments.

- The RLF program is designed to assist industrial/commercial borrowers who have been excluded from conventional techniques. The RLF will assist credit-worthy applicants in creative financing techniques to assist them in their effort to bring their respective projects to fruition including subordination of RLF debt.

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Revolving Loan Fund

Serving the counties of:
Cerro Gordo, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago & Worth

www.niacog.org