

Northwest Georgia Regional Commission
EDA Revolving Loan Fund Program
Quick Fact Sheet

Small business gap financing loan participation program to achieve economic development goals by leveraging job creation and private investment in the 15-County northwest Georgia region including Bartow, Catoosa, Chattooga, Dade, Fannin, Floyd, Gilmer, Gordon, Haralson, Murray, Paulding, Pickens, Polk, Walker, and Whitfield Counties.

What is a Revolving Loan Fund?

- The revolving loan fund provides financing to small businesses throughout the region. It is not intended to compete with other lenders and is a self-sustaining fund that uses the principal and interest payments on loans to generate new loans over time.

How does the RLF Work?

- Borrower contributes at least 10% of the project cost.
- NWGRC RLF staff work with participating private lender to develop a loan proposal for up to 90% of the project cost and makes a loan commitment for an amount equal to or more than the proposed RLF participation.
- The RLF purchases a participation in the loan up to the lesser of 50% of the loan up to a maximum of \$250,000, in either a shared 1st position or a 2nd lien position behind the bank.
- Some loans can be made directly from the RLF without bank participation (based on project parameters).

What can the loan proceeds be used for?

- Business acquisition, conversion, enlargement, repair, or modernization.
- Purchase of land and improvements including existing buildings, facilities, materials, etc.

- Purchase of equipment, machinery, or supplies.
- Start-up costs and working capital.
- The RLF loan may also include reasonable costs including legal fees, costs incurred for services rendered by accountants, appraisers, architects, engineers, etc.

What costs are ineligible?

RLF loans cannot be used for passive investment, for relocation which may result in job losses in the original area, to subsidize interest payments on an existing loan, or to refinance existing debt (some refi scenarios may be allowable).

What are the Terms, Interest Rate, and Fees?

- The interest rate on the RLF loan amount is based on the project parameters upon review by the loan committee and can range from 3-7%.
- The standard repayment terms for RLF loans are generally the same as the participating lender and as follows:
 - Real Estate – up to a ten (10) year maximum
 - Machinery and Equipment – up to a seven (7) year maximum
 - Working Capital – up to a five (5) year maximum.
- RLF loan applicants are charged an application fee of one percent of the RLF amount plus any associated closing costs. Other fees are determined by the participating private lender.
- The participating private lender may charge the market rate (fixed or variable) for its portion of the loan.

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