

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

NWGRC Economic Development Administration RLF

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.

How does the RLF Work?

- Borrower contributes at least 10% of the project cost.
- Private lender develops 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.

What can the loan proceeds be used for?

- Business and industrial acquisitions, construction, 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 situations may be allowable).

What are the Terms, Interest Rate, and Fees?

- The interest rate on the RLF loan amount is four (4) percentage points below the current money center prime rate, but can be no less than 4%.
- The standard repayment terms for RLF loans are generally the same as the participating lender and as follows:
 - Real Estate – up to a twenty (20) year maximum
 - Machinery and Equipment – up to a ten (10) 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.