

# REVOLVING LOAN FUND

The East Central Regional

Development Commission (EC RDC) established a Loan Fund for business development. It is designed to offer fixed asset financing primarily to private manufacturing projects on a long-term basis.

Projects must be located within the following counties...

- Isanti
- Kanabec
- Mille Lacs
- Pine

The Loan Fund includes both federal (Economic Development Administration) and local dollars contributed by several communities or jurisdictions as matching funds.

# EAST CENTRAL REGIONAL DEVELOPMENT COMMISSION

The ED RDC is a public agency whose board members are represented by officials appointed by county boards, townships, municipalities, school boards, and citizens at large.

It is funded through a local tax levy and planning/program grants and contracts from state and federal agencies and foundation.

"The mission of the ED RDC is to provide services and resources which enhance the ability of the regions residents and units of government to effectively problem solve and establish a quality of life desired by the citizens of the region."

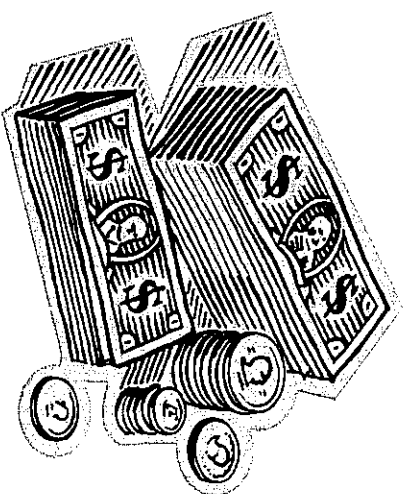
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# Revolving

# Loan

# Fund



## PURPOSE OF THE LOAN

- To create or retain permanent, private sector full-time jobs in the region
- To provide capital for business development and expansion within the region
- To leverage other public and private investment in order to achieve the maximum number of jobs per loan fund dollar
- To bolster the tax bases of local units of government

## ELIGIBLE COSTS

- Acquisition and/or improvements of land, buildings, plant and equipment
- New construction or renovation of existing facilities
- Demolition and site preparation
- Machinery purpose
- Working capital, inventory and accounts receivable

## INELIGIBLE COSTS

- Professional fees
- Acquisition or improvements of real property for subsequent leasing

## LOAN FEES

- Loan fee equals \$300.00 plus the loan amount divided by 90
- All origination fees will be used only for the administration of the fund

## PARTICIPATION CRITERIA

- Community matching funds
- Leverage at least \$2.00 for every Loan Fund dollar
- Create or save one (1) full time job for every \$10,000 in Loan Fund dollars
- Leverage new investment by a local lender
- Borrower's equity contribution of all least 10% of the total project cost
- No more than 50% of a borrower's

## MAXIMUM LOAN

- working capital needs
- No more than 33% of the cost of a project that does not include local bank financing
- No more than 50% of the cost of a project that does include local bank participation

- Up to four (4%) percentage points below

## INTEREST RATES

- the current US Treasury rate or the maximum rate allowed under Minnesota law, whichever is lower
- Interest may be charged on a stepped or graduated schedule

## TERM OF THE LOAN

- Fixed assets have a maximum term of fifteen years, using a weighted average of total useful life and present value for land and buildings
- Working capital has a maximum term of three years

## COLLATERAL REQUIREMENTS

- No unsecured loans are made
- Working capital will be collateralized by any assets and any possible security positions deemed appropriate by the Loan Committee

## NEED CRITERION

- It is the policy and purpose of the Revolving Loan Fund Committee to provide gap financing to business projects that offer job creation and private investment gains to the regional economy.

## LOAN APPLICATION

- To receive the full loan application packet and guidelines, please contact...

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Economic/Community Development