

SUMMARY

REVOLVING LOAN FUND (RLF) 8/17/86

- 1. Project Location:**
Within corporate limits or location property of City of Springfield.
- 2. Eligibility:**
Priority to firms offering growth potential, permanent positions, minority or female owned firms, new business ventures, or technologies
- 3. Use of Loan Proceeds:**
Can be used for start-up costs, fixed assets (machinery, equipment, acquisitions, working capital, consolidation for sound business reasons and collateral position). Provisions of Davis-Bacon Act affect any project involving construction.
- 4. Ineligible Project Costs/Activities:**
Interim financing, borrower's contribution, speculative land banking investment property and non-profits or demonstrated inability to repay, debt consolidation or repayment. Competition with or replacement of financial capability of local lending institutions. Projects that can't create/retain jobs are prohibited.
- 5. Loan Amount:**
Minimum Loan - \$3,330 RLF loan
Maximum Loan - \$150,000 RLF loan
- 6. Participation:**
Borrower injection – 10%
Conventional or other funds – 56 2/3% RLF – 33 1/3%
- 7. Jobs Creation:**
One job must be created per \$15,000 of RLF funds as a portfolio standard.
- 8. Term of Loan:**
The term is determined by the SBDC, Inc. Board and is appropriate to the life of the collateral. Generally 3-7 years.
- 9. Interest Rate:**
The minimum interest rate is four percent. Rates are determined by market conditions, loan term, and collateral. Interest rates are fixed; rates may escalate if the job commitments have not been met.
- 10. Repayment:**
Payments are generally monthly for principle and interest. In special circumstances, bi-monthly or quarterly payments are allowed.
- 11. Security / Collateral:**
Liens on inventories, receivables, fixed assets, or real estate are equal to the loan term or the economic life, whichever is shorter. The note may be subordinated to other liens and loans related to the project. Personal guarantees are generally required.
- 12. Applicable Regulations:**
All activities using loan funds shall be conducted in accordance with applicable Federal, state, and local laws and regulations.

13. Fees:

Origination – 1% of the loan amount (\$500 Maximum)

Servicing – ½ of 1% annually on the outstanding balance on the loan anniversary date. Late payments are 5% of the total payment due or \$10; whichever is greater.

14. Special Financial Principals Techniques, Restructuring:

May be used when circumstances warrant. Payments may be deferred up to one year with a second year optional. Financing may be designed to assist applicants with special credit.

For more information, contact Springfield Financial Group, (937) 322-8685

cm/economic dev/handouts avail/summary city loans
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