

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, 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 - \$5,000 RLF loan
Maximum Loan – shall not exceed 25% of the RLF capital base at the time of the loan
- 6. Participation:**
Borrower – 10%
SBDC – 30%
Other funds – 60%
- 7. Jobs Creation:**
\$35,000 for each job created/retained.
- 8. Term of Loan:**
Terms – 10-20 years depending on collateral.
- 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:

Special financing techniques may be used when circumstances warrant. Principal payments may be deferred for such periods deemed appropriate as part of the loan approval or part of a workout situation.

For more information, contact Springfield Financial Group, (937) 322-7821

cm/econdev/marketing/ED handouts on website
Revised 12/17