



## Revolving Loan Fund (RLF)

*The NARCOG RLF is a locally controlled source of capital used to finance start-up and expanding businesses whose projects will result in job creation, leverage private sector investments, and reduce unemployment in Cullman, Lawrence, and Morgan Counties.*

### How can funds be used?

- Purchase land and buildings
- Construct new buildings or renovate existing buildings
- Purchase machinery and equipment
- Provide for working capital

### Advantages: Attractive Interest Rates & Terms

- Interest Rates: Typically 5% (negotiable)
- Real Estate: Up to 25 years
- Equipment: Up to 10 years
- Working Capital: Up to 5 years

### Bank Participation

The RLF was not established to compete with the banking community. Instead, it was established to provide “gap financing” after the bank and applicant have reached their financial limits. The purpose of the RLF is to complement the lending activities of commercial banks.

### Loan Approval

All decisions are made locally by the RLF Committee which is composed of representatives from the three-county region. An RLF Loan Application (with a required documents checklist) is available upon request.

### Loan Size

Loans are typically from \$10,000 to \$100,000 with a maximum of \$200,000.

### Loan Guidelines

- 2:1 Private to Public lending ratio (RLF can finance up to 33% of total project cost).
- Applicants should be prepared to provide business plan, financial projections, and commitment of private sector financing (bank participation).
- Successful loan applications must result in creation of permanent job(s).
- Business owner must provide 10% equity injection.
- Businesses and individuals must be credit-worthy.
- Hazard and key man insurance in the amount of the loan naming NARCOG as the beneficiary is required.
- Collateral is required with NARCOG usually taking second lien behind the commercial lender.
- Standard underwriting principles apply.

## North-central Alabama Regional Council of Governments

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Positively Impacting People and Communities