
Region I PDC Revolving Loan Fund Program

The Region I PDC, a Council of local Governments, comprised of the counties of McDowell, Mercer, Monroe, Raleigh, Summers, Wyoming and the communities within those counties. in cooperation with a network of local banks, the WVEDA and the U. S. EDA have developed a small business Revolving Loan Fund

Purpose

The purpose of this Revolving Loan Fund (RLF) is to provide low interest Risk Capital to small businesses within the region that have been unable to obtain conventional financing. This is to assist in business expansion resulting in job creation or retention.

What the RLF is Not!

The Revolving Loan Fund is not a substitute for banks. It is designed to work in cooperation with banks, reducing some of the bank's risk in loaning money to small businesses. It is designed to assist small businesses that are having difficulty in obtaining conventional bank loans. **IT CANNOT BE USED FOR BUSINESS-ES THAT CAN OBTAIN A CONVENTIONAL BANK LOAN, NOR CAN IT BE USED FOR REFINANCING.**

How the RLF Works

The RLF loan applicant will be asked to fill out a loan application package. This application will assist the borrower in determining if they have given enough thought and planning in expanding or creating a business. It will also provide the Region I Loan Committee with:

1. A credit analysis of the proposed business;
2. A collateral analysis of the value of the pledged assets;
3. A cash flow analysis to determine the future condition of the business.

Terms and Conditions

The Revolving Loan Fund will have approximately \$668,000 to start with, the idea being, as loans are repaid, these monies will be loaned out again, thus the name Revolving Loan Fund.

1. The maximum amount of a loan will be \$100,000, at a rate of not more than \$10,000 per job.
2. Loans can made for fixed assets or working capital.
3. The maximum repayment term for land, building and permanent fixtures is 25 years.
4. The maximum term for equipment in its useful life is up to 10 years.
5. The maximum term for working capital is 3 years.

6. The interest rate will be set at 4% below current Wall Street Prime Rate at the time of loan closing (in no event shall the interest rate be less than the lower of 4% or 75% of the Wall Street Prime Rate).
7. Each borrower will pay closing costs, including legal fees.
8. Each borrower must certify that the RLF loan is not a substitute for private capital.
9. Each borrower must certify that their business has not been cited for pollution and that they are not relocating from one community to another outside a one hour commute as a result of the RLF.
10. If RLF funds are used for construction, federal wages must be paid by the contractor.

MINIMUM AMOUNT OF A LOAN WILL BE \$10,000.

Priority will be given to projects that create the most direct long-term permanent jobs; that are manufacturing industries; that provide jobs to low/moderate income families; that leverage the most non-federal funds.

Women and minority owned businesses are encouraged to apply.

Region I loan application packages can be obtained at the Region I PDC Office, 1439 E. Main St., Suite 5, Princeton, WV; First Community Bank; Summit Community Bank; MCNB Banks; Chase Bank; BB&T; Bank of Monroe; City National Bank; McDowell Co. EDA, Mercer Co. EDA, Greenbrier Valley EDC; NRGRDA; and Wyoming Co. EDA.
