

What Is The RLF. . . *Revolving Loan Fund Program*

The RLF uses capital provided by the Economic Development Administration and Henry County, for low interest loans to help qualified businesses locate, expand or remain in Henry County, Illinois. These loans are supplemental, providing a portion of the total needed for a given project. The balance must be obtained through conventional sources, i.e. bank financing or equity. RLF loans may be used in conjunction with other financing programs, such as SBA 504 loans, State of Illinois economic development loans and assistance from private development groups.

The RLF Purpose. . . *Revolving Loan Fund Program*

The RLF was established to create and retain jobs within Henry County Illinois. Thus, a condition of the financing is that a minimum of one job must be created or retained for every \$10,000 of RLF funds borrowed.

How Does RLF Work. . . *Revolving Loan Fund Program*

The Henry County RLF Program is available to all communities located within Henry County, Illinois. Loan Applications are prepared and submitted by the borrower and approved by a seven member board comprised of representatives throughout Henry County.

The RLF program is targeted to businesses that cannot obtain economically feasible financing because of conventional interest rates and lending exposure limits applied by local lending institutions. It is the intent of the program funds that the RLF make the project feasible by filling the financing gap created by these conditions.

INCENTIVES

- **Below Market Rate**
- **Fixed Rate**
- **Greater Bank Security**
- **GAP Financing Requires Less Downpayment**
- **Easy Loan Process**

FOR MORE INFORMATION

The Henry County Revolving Loan Fund Program

Jim Kelly

Economic Development Director

(309) 937-3410

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Henry County Courthouse
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FUND PROGRAM

*Supporting
Businesses*

And

Economic Growth

In

*Henry County Illinois
Communities*

(309) 937-3410

Jim Kelly

Economic Development Director

TYPES OF

BUSINESSES ASSISTED

- Industrial
- Light Manufacturing
- Service Industry

PURCHASES

- Machinery & Equipment
- Fixed Assets
- Working Capital

HELP

- Start-ups
- Expansions
- Retentions

INCENTIVES

- Gap Financing
- Below Market Interest Rate
- Fixed Rate
- Greater Bank Security

TERMS

RATE **Fixed**
 Minimum interest rate allowed is 4%
 Most Loans 4 - 6%

JOB CREATION **\$10,000**
 PER JOB (maximum RLF money
 per job created or retained)

COLLATERAL

General Security agreement, UCC filing

PERSONAL GUARANTEE

Required in most situations

PUBLIC PARTICIPATION

2:1 private to public financing required

TERM

Not to exceed 10 years

EQUITY 10% equity injection is required

PROCESSING TIME

RLF loans usually parallel other sources
 of financing.

Revolving Loan Fund Program Who Can Apply. . .

Just about any type of business within Henry County (*other than very speculative ventures*) may seek RLF assistance.

The program is available to all industrial, manufacturing, service and commercial businesses.

Revolving Loan Fund Program How May The Money Be Used. . .

The RLF monies can be used in a variety of ways. The funds can be used for the purchase of land and buildings, machinery and equipment as well as for working capital.

Revolving Loan Fund Program How Much Can Be Borrowed. . .

The maximum amount which can be obtained through the RLF is \$100,000. RLF can generally finance up to one-third (1/3) of a total project and there must be a commitment in place for the balance, including 10% equity from the borrower.

Revolving Loan Fund Program How Is The Loan Secured. . .

All loans must be secured by collateral in an amount at least equal to the face value of the loan. Personal guarantees are also required by all principal shareholders owning over 20% or more of the business.

Revolving Loan Fund Program Interest Rate and Term of the Loan. . .

Loans have a flat rate of interest as established by the current prime rate. Typical Interest rates range between 4% to 6%.

TERMS OF LOANS

Real Property
 Equipment / Inventory
 Working Capital

AMORTIZATION

10 Years
 5 Years to 7 Years
 7 Years

The maximum RLF loan period is ten years. The loan payback is generally structured according to what the monies are used for.

For example,

Loans used for machinery and equipment costs generally have a 5 - 7 year payback.
 Loans for fixed assets usually run ten years.
 Working capital loans cannot exceed seven years.

