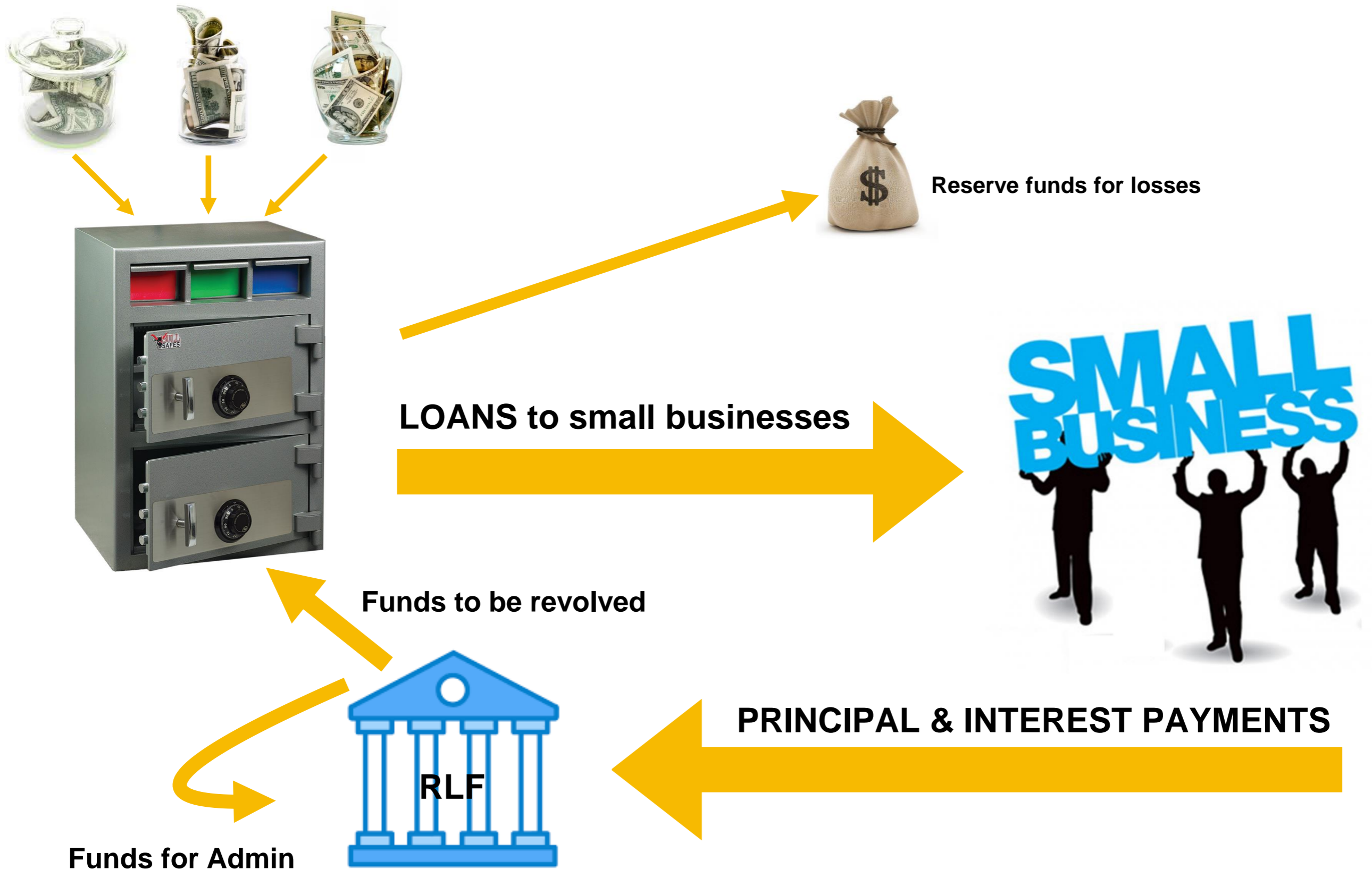


The Basics of Revolving Loan Funds

How does a Revolving Loan Fund (RLF) Work?



What does a Revolving Loan Fund (RLF) Need?

- FUNDS to lend out
- A REASON to lend the funds
- Someone (one or more) to market the program, manage applications, prepare credit write-ups, facilitate approvals, coordinate fundings, receive payments, do servicing actions, and, most likely, liquidate loans
- A credit policy / servicing policy / liquidation policy to guide the RLF

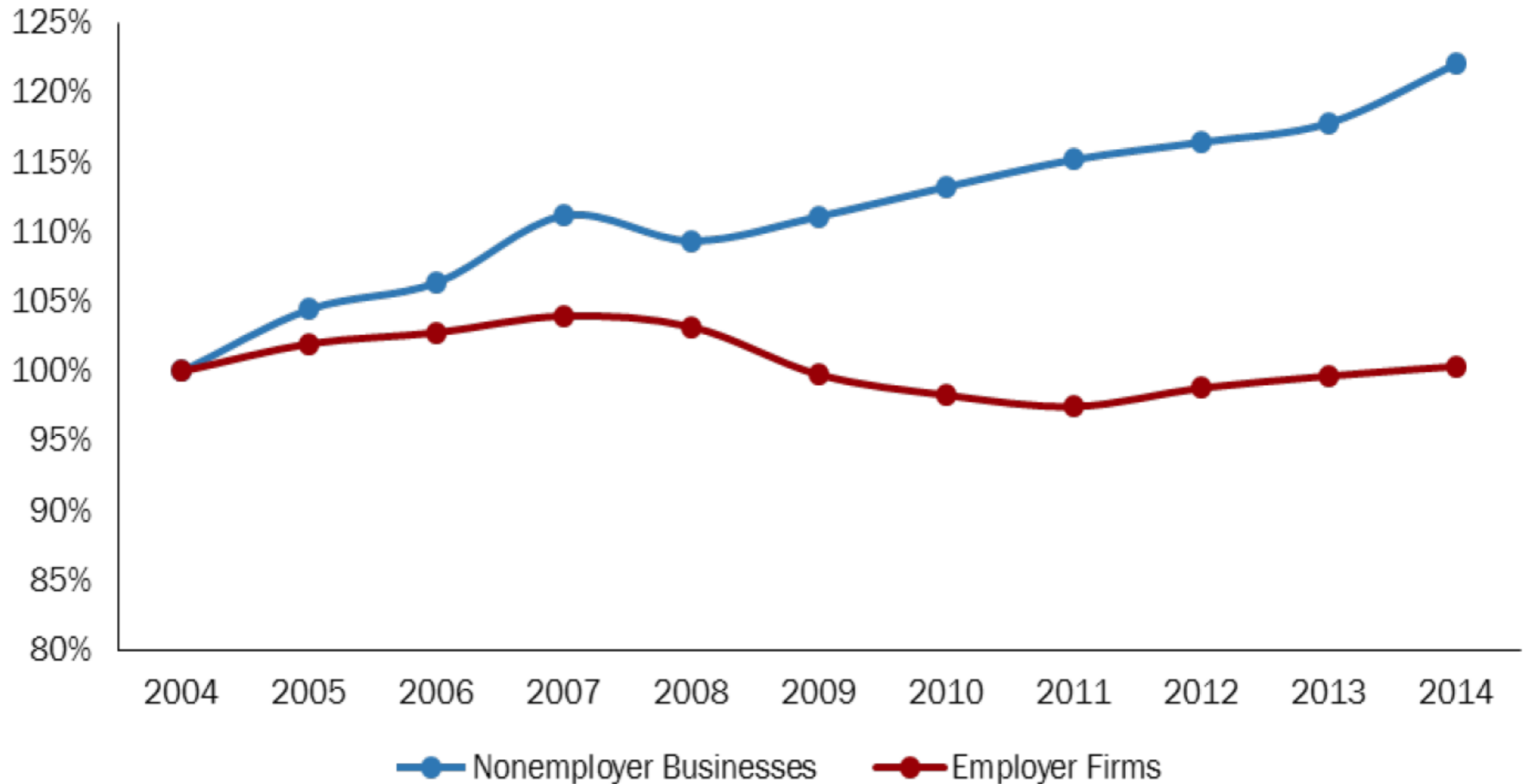




Source: Author's analysis and data from the U.S. Census Bureau.

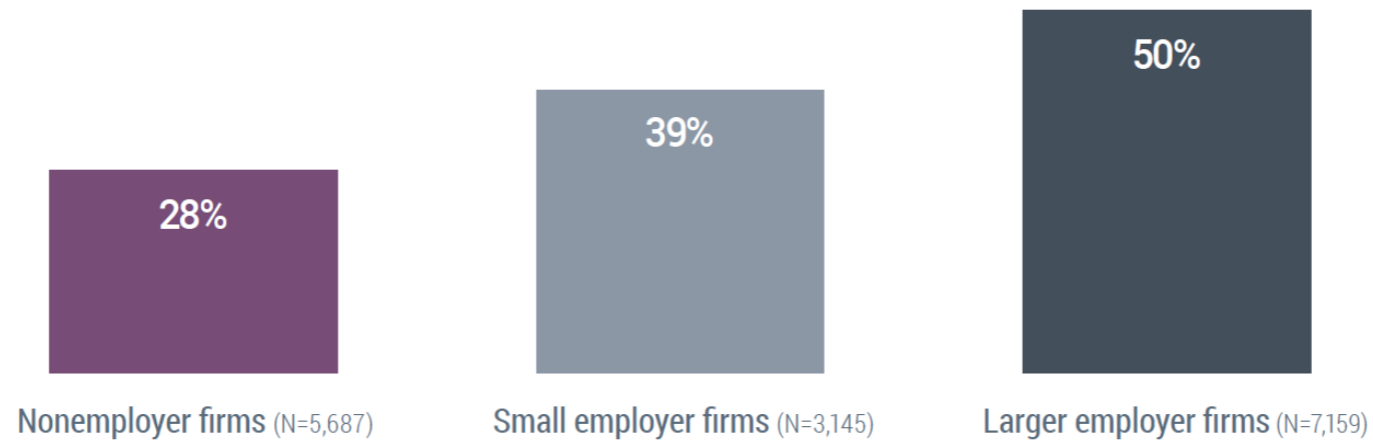
Note: This analysis is based on the work of Mercedes Delgado and Karen G. Mills, "A New Categorization of the U.S. Economy: The Role of Supply Chain Industries in Performance," presented at the Industry Studies Association, Minneapolis, MN, May 2016. <http://www.hbs.edu/faculty/Pages/item.aspx?num=51675>

Growth Rates of Non-Employer and Employer Firms (2004-2014, Indexed to 2004)



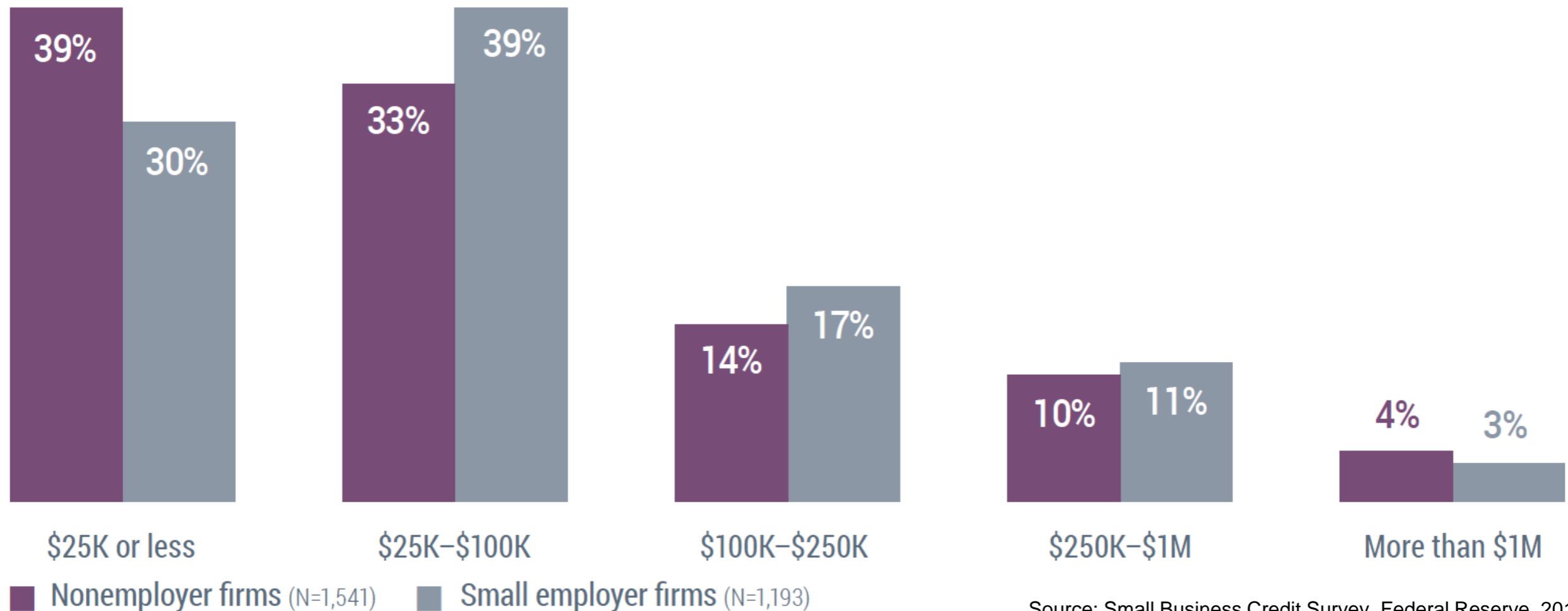
Note: Author's calculations of U.S. Census Bureau Business Dynamics Statistics data.

SHARE OF FIRMS THAT SOUGHT FINANCING BY EMPLOYMENT SIZE OF FIRM, *Prior 12 Months*¹ (% of firms)



72% of microbusiness applicants sought less than \$100K in financing.

TOTAL AMOUNT OF FINANCING SOUGHT (% of microbusiness applicants)

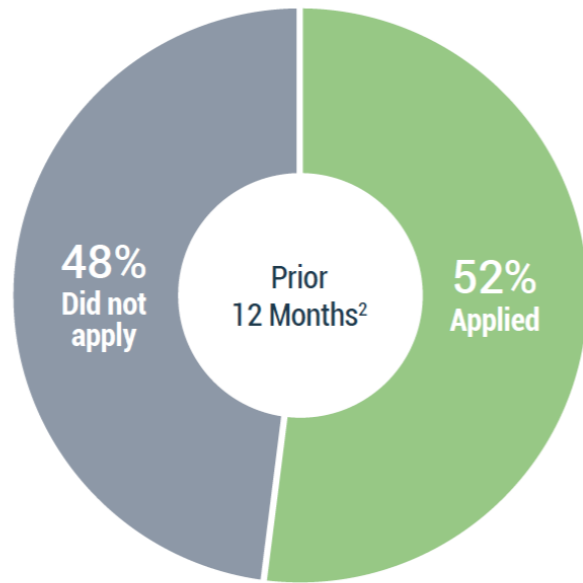


Source: Small Business Credit Survey, Federal Reserve, 2016

DEMAND FOR FINANCING¹

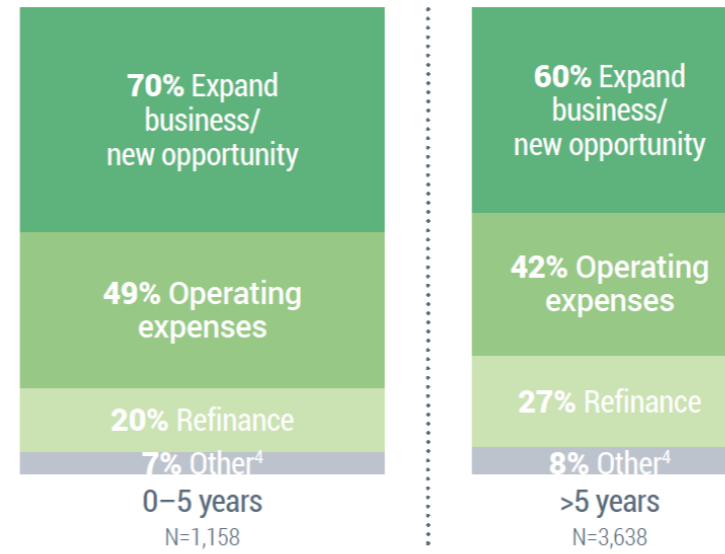
(% of startup firms)

N = 2,159



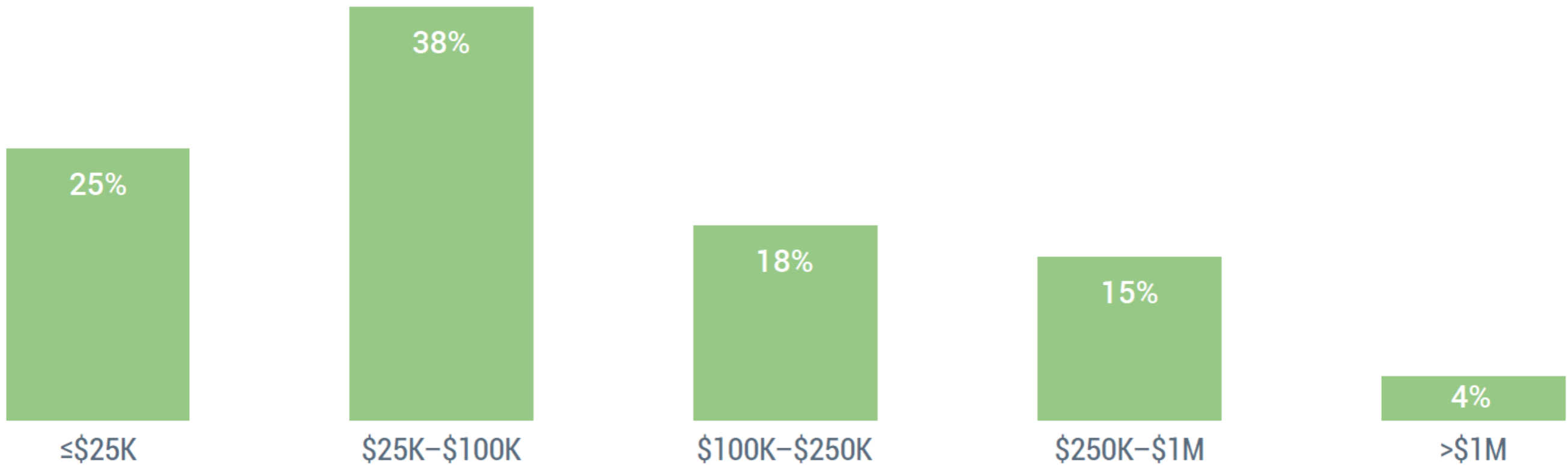
REASONS FOR APPLYING BY AGE OF FIRM³

(% of applicants)



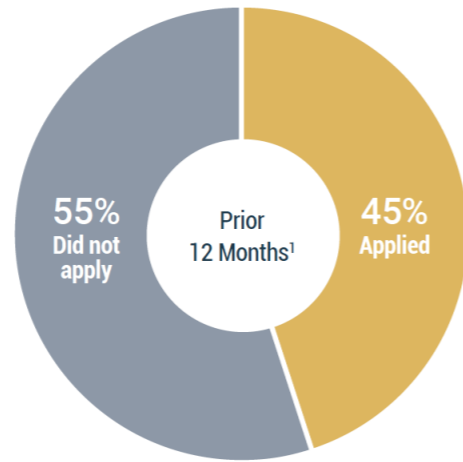
TOTAL AMOUNT OF FINANCING SOUGHT (% of startup applicants)

N = 1,136

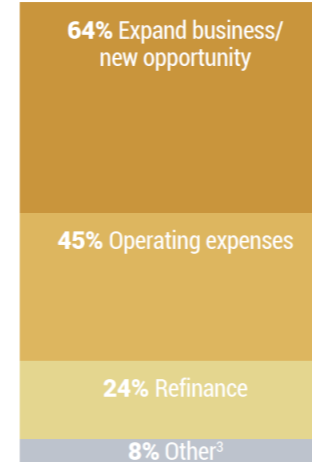


*Categories have been simplified for readability. Actual categories are: ≤\$25K, \$25,001-\$100K, \$100,001-\$250K, \$250,001-\$1M, >\$1M.

DEMAND FOR FINANCING
(% of employer firms) N = 10,303

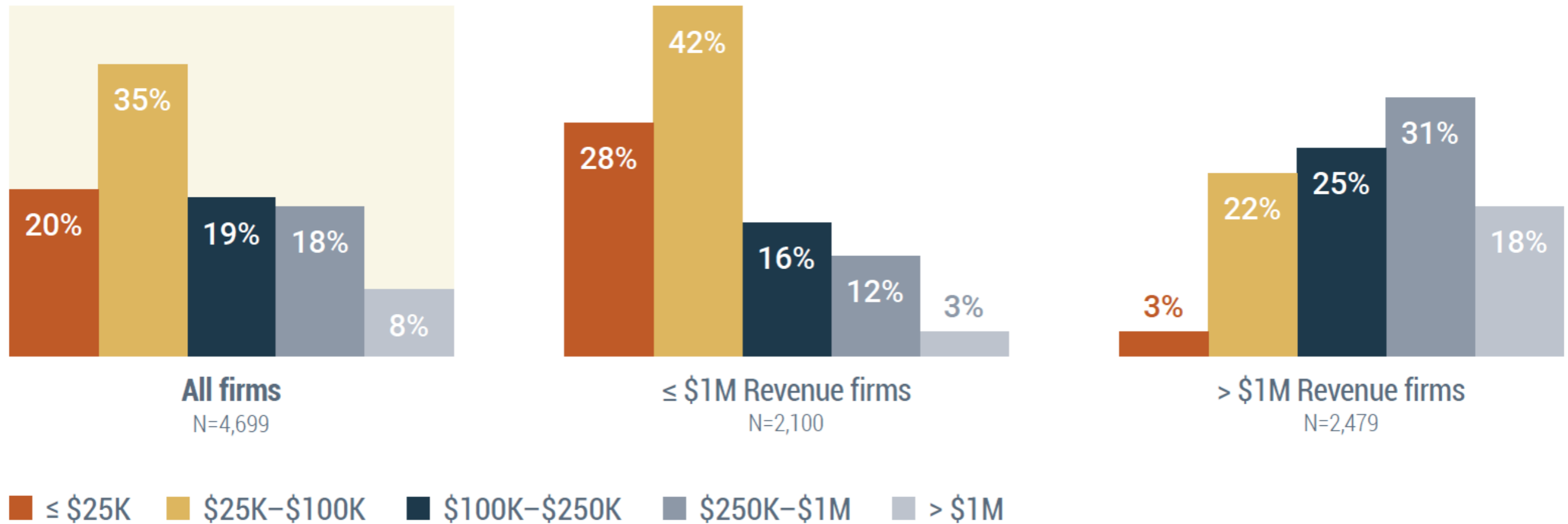


REASONS² FOR APPLYING
(% of applicants) N = 4,796



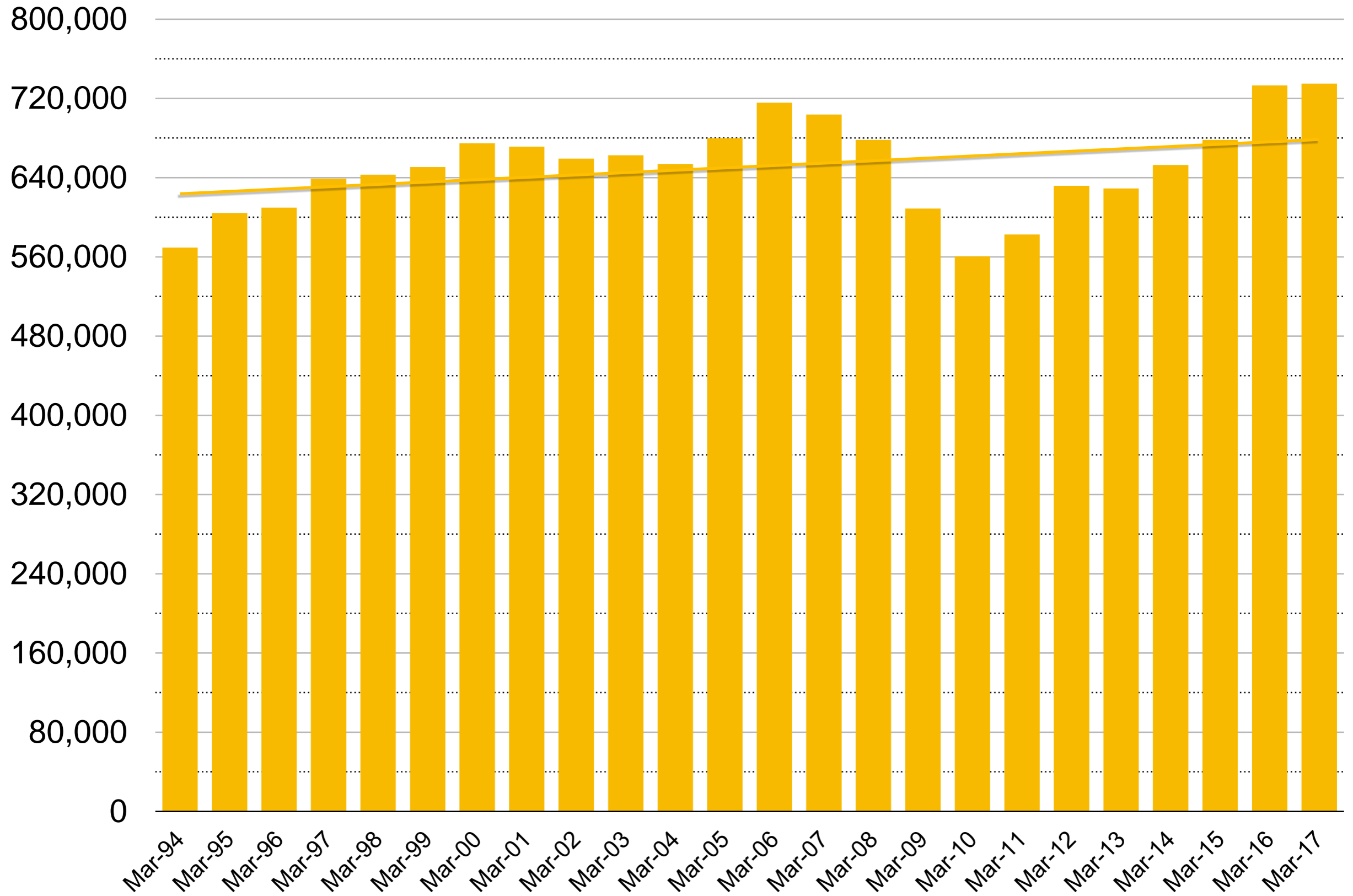
64% of applicants sought funds for expansion.
55% of applicants sought \$100K or less.

TOTAL AMOUNT OF FINANCING SOUGHT BY REVENUE SIZE OF FIRM⁴ (% of applicants)



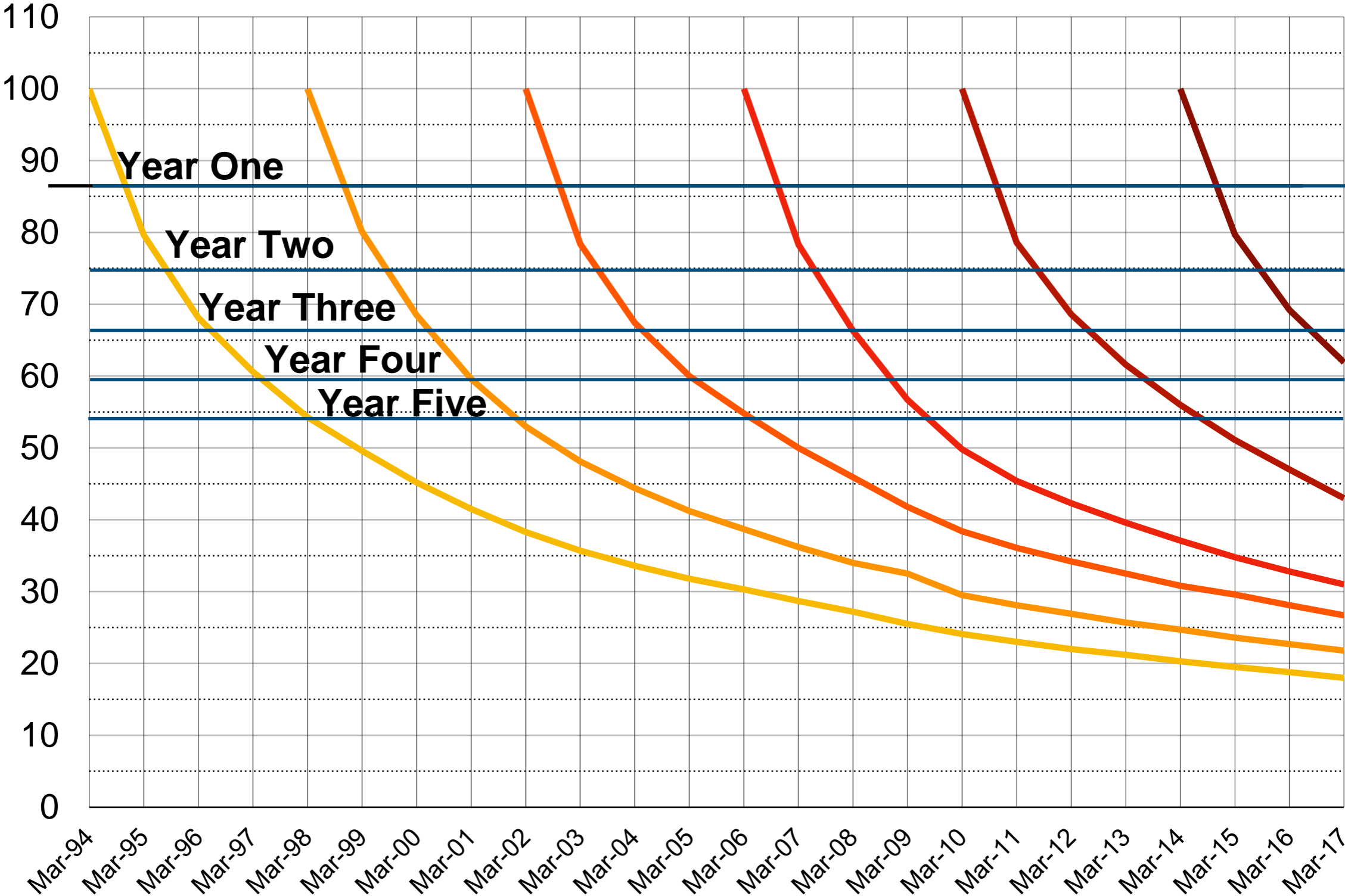
Source: Small Business Credit Survey, Federal Reserve, 2016

NEW Small Business Employer Startups (# US)

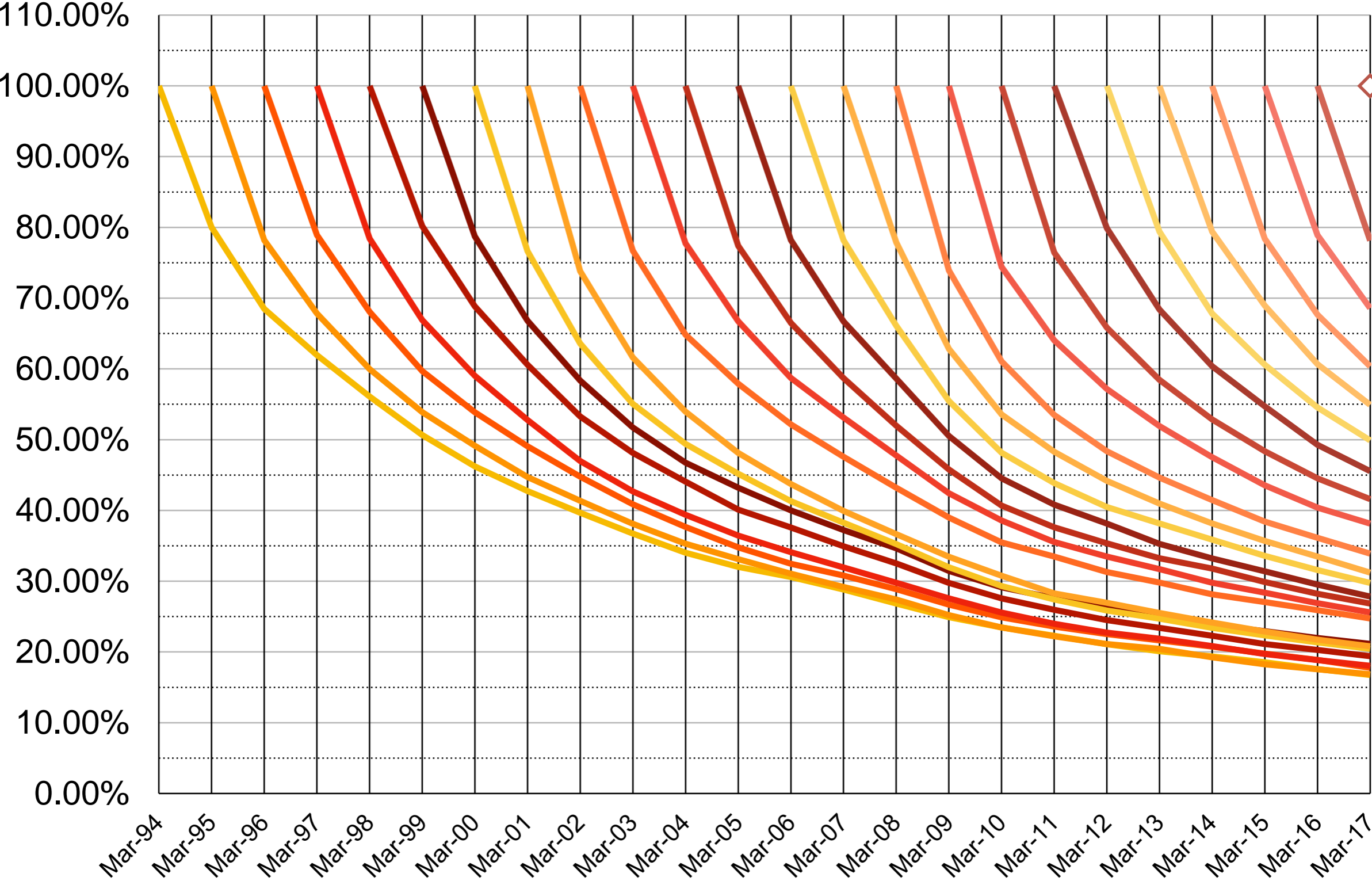


Source: Bureau of Labor Statistics

Survival Rate of Small Business Startups (%) in US by Year of Startup



Survival Rate of Small Business Startups (%) in Colorado by Year of Startup



Why does your Revolving Loan Fund (RLF) Exist?

What is your mission?
What is your vision?
What are your values?

