

## HISTORY

The RLF was established on December 5, 1988. Capital for the RLF was originally provided by Big Stone, Chippewa and Swift Counties and the U.S. Department of Commerce Economic Development Administration (EDA). In 1993, the RLF was recapitalized with EDA funds and required matching funds from all five counties in Region 6W. With this recapitalization, businesses in Big Stone, Chippewa, Lac qui Parle, Swift and Yellow Medicine Counties were eligible to receive loans. The RLF was again recapitalized with EDA and county funds in 2001. RLF capital provided by EDA and Region 6W counties totaling around \$1,700,000.

## STRUCTURE & ORGANIZATION

### UPPER MINNESOTA VALLEY REGIONAL DEVELOPMENT COMMISSION (UMVRDC)

The UMVRDC provides the administrative and financial staff for the RLF. The UMVRDC is also the grant recipient of the EDA grants that capitalized the RLF.

### LOAN ADVISORY BOARD

The Loan Advisory Board meets monthly to review loan applications and oversee the operations of the RLF. The Loan Board is made up of 13 members comprised of five county commissioners (one from each county in the Region), five appointed members (one from each county in the Region and usually associated with a local financial institution), and three members from the UMVRDC including the chairperson.

## RLF CONTACT INFORMATION

### Randy Larson Jr, Loan Officer

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Regional Development Commission  
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or

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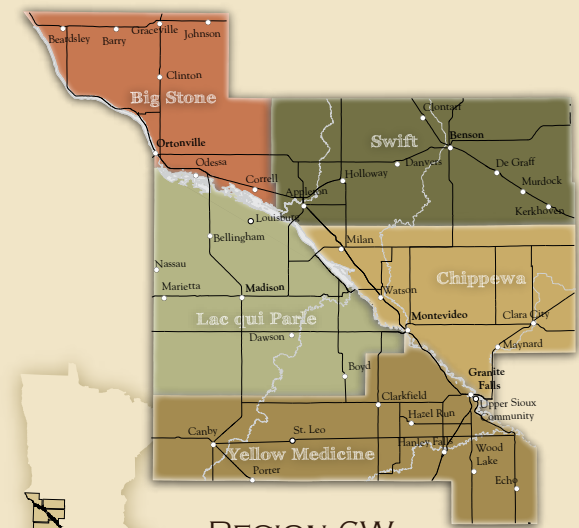
# REVOLVING LOAN FUND

A Program of the Upper Minnesota Valley  
Regional Development Commission



**JOB CREATION**  
**IMPROVED INCOME LEVELS**  
**ECONOMIC DIVERSIFICATION**  
**JOB RETENTION**

*Providing access to affordable capital  
through **gap financing**  
for business start-up or expansion*



REGION 6W

## ELIGIBLE LENDING AREA

The counties of Big Stone, Chippewa,  
Lac qui Parle, Swift and Yellow Medicine

## WHAT IS GAP FINANCING?

Gap financing is described as your total project cost less bank financing and owner equity. The remaining funds needed are the “gap” funds.

For example, a \$50,000 project may look like this:

Total Project Cost	\$50,000
Bank Financing	- \$40,000
Owner Equity	- \$5,000
UMVRDC “Gap” Financing	= \$5,000

## KEY APPLICATION REQUIREMENTS

- Bank participation committed
- Letter stating why bank cannot extend the full amount requested by the borrower
- Business plan
- Past, present and future financial information

## APPLICATION REVIEW

- Review of the full application by UMVRDC staff and meetings with the borrower and bank must be completed at least ten days prior to the next scheduled RLF meeting in order to have an application reviewed by the Loan Advisory Board that month.
- The Loan Advisory Board meets the second Monday of each month and makes recommendations to the UMVRDC Board at their monthly meeting, which is the fourth Tuesday of each month.
- Both the Loan Advisory Board and the UMVRDC Board meet in the Appleton Civic Center at 323 West Schlieman Avenue, Appleton, MN.

## FINANCING POLICIES\*

### LOAN SIZE

- \$5,000 - \$100,000
- Maximum RLF project participation rate is 33% for manufacturing projects and 20% for all other projects

### REQUIREMENTS

- Borrower must demonstrate a gap financing need
- Local bank financial participation is required

### TYPE OF ASSETS FINANCED

- Fixed assets
- Working capital
- Real estate

### TERMS

- Fixed assets financed up to 10 years
- Real estate financed up to 20 years
- Working capital up to 5 years
- Average financing is 5 - 7 years
- Scheduled balloon payments are sometimes utilized

### INTEREST RATES

- Not less than 4% below prime with a minimum of 4%
- Most loans are made at 5 - 7%
- Fixed rate

### EQUITY

- 10% borrower equity is required

### COLLATERAL

- All loans must be secured with available assets, inventory, real estate and personal guarantees

### REPAYMENT

- Loan repayments must be made by electronic transfer (ACH) or a participation agreement with the lead lender

## KEY LENDING OBJECTIVES

- Job Creation - 1st priority
- Job Retention - 2nd priority
- Create or retain full-time livable wage jobs
- Encourage private sector investment
- Support diversification of the regional economy

## TYPES OF ACTIVITIES FINANCED

- Business start-ups or expansions with priority given to manufacturing, technology and/or diversification of the local economy.
- Non-profits are eligible for financing but must meet all other lending requirements.
- Commercial/retail activities must fulfill a local need for essential goods and services and not be in direct competition with a similar business to be eligible for financing.

## RLF PORTFOLIO STANDARDS

- One job created or saved for every \$10,000 of RLF funds loaned
- Minimum of two private dollars borrowed to every one RLF dollar loaned
- Retail/commercial loans may not exceed 30% of the loan portfolio
- Non-profit loans may not exceed 15% of the loan portfolio

*\* The Loan Advisory Board may deviate as deemed necessary from any or all of the financing policies in order to accomplish the objectives of the RLF.*