

SEKRPC REVOLVING LOAN PROGRAM

CREATING JOBS FOR SOUTHEAST KANSAS

The Revolving Loan Fund (RLF) was developed to provide gap financing for businesses in our region. The SEKRPC region includes Allen, Anderson, Bourbon, Cherokee, Coffey, Crawford, Linn, Labette, Montgomery, Neosho, Wilson and Woodson Counties. **Types of Business Finance could include: land, building, machinery, equipment, inventory and working capital.** This program is a locally administered program of the U.S. Economic Development Administration (EDA).

Eligibility

- For private enterprises, public and non-profit small business located in the 12 county service area.
- Loan turn-down letters from area lenders are required for all RLF loans.
- A business plan is required. Quality of plan is tied to the complexity of the project.
- Jobs must be created and/or retained by the project.

Projects Financed

- Financing is available for most business needs; however, restructuring of existing debt is generally not eligible and must be approved by EDA
- If the project involves construction, Davis-Bacon wage rates must be approved by EDA.
- Project can be coupled with other loan programs, as well as other lending sources.

Loan Amount

- RLF loans up to \$100,000 from an internal revolving loan fund pool. Pool of funds is limited.

Interest Rate/Fees

- Fixed interest rate of 4% below prime, Minimum 4.5%
- \$500 Origination fee
- Miscellaneous fees incurred in the process of approval and closing (i.e. credit bureau inquiries, mortgage filings, U.C.C. searches and filings, appraisals, title work, etc.)

Repayment

- Principal and interest payment schedule based on the cash flow of the business and use of proceeds:
 - Land and Building, 15-20 years
 - Machinery and Equipment, 7-10 years
 - Inventory and Working Capital, 5-7 years
 - Combination, blended
- Principal payments may be deferred if projections do not show the ability to pay principal right away.
- Where necessary, interest may be capitalized for a period of time.
- There is no penalty for prepayment of an RLF loan.

Collateral

- RLF loans are secured by the best collateral position available and can be subordinated.
- Personal guarantees of the owner(s) of the business are required.

Please note that the overall portfolio must maintain a leverage of 2:1, private to RLF funds.

For more information, contact SEKRPC staff at 620.431.0080

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