
WHAT IS THE EDA REVOLVING LOAN FUND?

The Economic Development Authority of the City of Plainview administers a Revolving Loan Fund program (RLF).

The primary purpose of the Fund is to provide below-market interest loans as “gap” financing for business expansions, relocations or start-ups that include the creation or retention of jobs.

Loans may also be made for improvements that upgrade the appearance and energy efficiency of commercial and industrial properties.

The Fund may become involved with your business by providing a direct loan or by serving as a guarantor to a conventional bank loan. If the Fund acts as a guarantor, a matching reserve fund must be set up in the amount of the guarantee.

The Fund is intended to primarily make direct loans that are secured by fixed assets.

It is administered by the seven-member loan committee of the Economic Development Authority of the City of Plainview. Funding decisions are based on the merits of the project and the overall benefit to the community. Loans are considered on a case-by-case basis, and the committee can recommend flexible terms that differ from guidelines in some cases.

PLAINVIEW ECONOMIC DEVELOPMENT AUTHORITY

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YOUR EDA REVOLVING LOAN FUND



GAP FINANCING FOR YOUR BUSINESS NEEDS!



INFORMATION ABOUT THE REVOLVING LOAN FUND

GENERAL LOAN POLICIES

WHEN YOU APPLY:

After you have received the initial information about the Fund and the application, you should be prepared to provide:

- A completed loan application
- A summary and overview of your project (*business plan*)
- A history of your business
- Purchase agreements
- Written cost estimates
- Two years of financial statements from your business
- A current statement (*within 90 days*)
- A two-year projection

In addition, you should be prepared to provide:

- Personal financial statements
- Lender commitment letter(s) and interim loan agreements
- Compensation of agreement for services
- Your resume and other exhibits as requested

ELIGIBLE BORROWERS:

- Any legitimate business whose primary place of business is the city of Plainview. Loans are targeted to general service, retail and manufacturing businesses.

ELIGIBLE LOAN USES:

- Loans may be used for building rehabilitation, working capital, machinery, equipment and real estate.

LOAN AMOUNTS:

- The minimum loan amount is \$1,000. The maximum loan amount is \$15,000. Exceptions may be made on a case-by-case basis.

LOAN TERMS:

- The typical direct loan is repaid completely over five years through regular, periodic payments that cover principal and interest. Working capital loans, however, must be paid off within one year with the fixed interest rate set at Prime. The direct loans rate of interest is Prime minus 175 basic points. The EDA Loan Committee may also add additional terms.

All fees for filing, recording and other closing costs are the responsibility of the borrower. In real estate transactions, the City Attorney will conduct the closing and the borrower will be responsible for the Attorney's fee, which is usually \$250 per loan closing.

COLLATERAL & PERSONAL GUARANTEES:

- The borrower must provide collateral adequate to safeguard the lender. When the EDA is the sole lender, it takes a "first security interest" in the assets that are financed. If the EDA is in partnership with another lending source, the EDA is the secondary lender. Personal guarantees are required in all projects, and personal guarantees may include your personal assets. However, lack of "hard collateral," by itself, will not be a reason for declining a loan.

OWNER PARTICIPATION:

- At least 50% of the project cost shall be funded privately through another lender or in the form of equity.

AFTER YOU RECEIVE THE LOAN:

- Periodic financial reporting and participation in a record keeping program, or technical management assistance may be provided through the EDA after a project has been financed.

All EDA Revolving Loan applications are considered on a case-by-case basis.