

# **REVOLVING LOAN FUND PROGRAM (RLF)**

## **Administered by Upper Coastal Plain Council of Governments**

### **Overview**

The Revolving Loan Fund Program (RLF) was established by the Upper Coastal Plain Council of Governments (UCPCOG) in 1997 and funded by the Economic Development Administration of the U. S. Department of Commerce and N. C. Department of Commerce. The program was capitalized initially with \$500,000 in total grant funds. The funds are available to small businesses in the five-county region of Edgecombe, Halifax, Nash, Northampton and Wilson Counties.

### **Mission**

The mission of the UCPCOG RLF is to provide financing and help leverage the private investment in communities and rural areas that is necessary to keep the rural economy viable. To achieve its mission the UCPCOG helps stimulate economic growth by financing new and expanding small businesses to create or save jobs and to increase the tax base of the counties and municipalities in the region.

### **Governance and Management**

The program is administered by UCPCOG's Loan Officer, Loan Coordinator and Finance Director. The Loan Officer is responsible for marketing and promoting the loan program in cooperation with local governments and the lending institutions in the region. The Loan Officer and Loan Coordinator works with potential loan customers on all applications for loan funds. The Loan Officer contracts with a qualified loan reviewer for underwriting services to determine eligibility and compliance with lending guidelines. All loans are reviewed by a regional Loan Review Committee before going to the UCPCOG Board of Directors for approval. The Finance Director is responsible for invoicing, collecting and monitoring loan activity. Annual financial reviews of all loan customers is required to assure compliance with terms and conditions of the loan and to provide technical assistance on business performance.

### **Eligibility**

Most for profit businesses including proprietorships, partnerships, and corporations are eligible for funding. Non-profit organizations are not eligible. The principals of the business must be 18 years or older and American citizens. Businesses must be registered with the N. C. Secretary of State's Office. Applicants must have a business plan and be able to provide both business and personal financial statements. There must be jobs created or saved and a private sector investment in the business.

Eligible loan purposes include business acquisitions, expansions, construction, and modernization. Funds can be used for the purchase of equipment, machinery and supplies to start up or expand a business. Working capital is an eligible expense. Speculative real estate

investment is not an eligible activity. Loan consolidation and refinancing is not an eligible use of funds.

Applicant is expected to invest at least 20% of the total financial need of the business. Traditional lending sources must not be available to qualify for direct funds. The RLF prefers to loan funds in conjunction with the banks and credit unions.

## **Loan Terms and Conditions**

Loan Amounts: \$25,000 up to \$100,000

Interest Rates: Fixed Rates (based on prime rate plus 2-3 percent)

Term: Up to seven (7) years

Credit Score: Beacon Score of 650 plus

Security: Collateral must be provided to secure all loans

Application Fee: \$250.00 (non refundable)

Loan Fee: 2 % of the loan (minimum of \$1,000)

Closing Costs: Applicant pays all closing costs including attorney fees

## **Contact Information**

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