

HOW CAN YOU APPLY FOR A REVOLVING LOAN FUND LOAN?

Contact the Revolving Loan Fund Manager at the Cumberland Valley Area Development District (see back panel) to discuss your project.

If you are eligible:

- Complete and file an application with the RLF Manager.
- The RLF Manager will review the application and forward to the RLF Loan Review Committee.
- The application will then go before the Economic Development Committee with comments from the Loan Review Committee. The EDC will establish rates, a repayment schedule and other terms and present the loan to the full CVADD Board of Directors for approval.
- Loan funds will be disbursed following CVADD Board approval and the loan closing.
- If the application is rejected, the applicant will be provided with the reason and what information is necessary for reconsideration of the application, if applicable.

WHAT'S INCLUDED IN THE APPLICATION?

- Description of the project, including business description, history, key customers, and description and number of jobs to be created.
- Resume of principals and three years financial statements.
- Commitments from private lenders.
- Financial projections for three years, including pro formas, balance sheet, income statement and cash flow statement.
- Listing of each loan or debt of the business.
- Documentation of equity commitment
- Any other pertinent information to further explain the proposed project.



*Serving Bell, Clay, Harlan, Jackson,
Knox, Laurel, Rockcastle and
Whitley County*

FOR MORE INFORMATION, PLEASE CONTACT:

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

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REVOLVING LOAN FUND

CUMBERLAND VALLEY AREA DEVELOPMENT DISTRICT

HELPING
BUSINESS
GROW!



TEL : 606-864-7391

CUMBERLAND VALLEY ADD REVOLVING LOAN FUND PROGRAM

HELPING BUSINESS GROW!

A major focus for the Cumberland Valley ADD has and continues to be the issue of improved job opportunities within the eight county service area (see back panel for service area). The CVADD wants to help business grow and provide jobs for area residents. This focus has led to the establishment of a Revolving Loan Fund through grants from the Economic Development Administration and Appalachian Regional Commission.

ABOUT THE REVOLVING LOAN FUND.

The Cumberland Valley Area Development District's primary objective through the establishment of a revolving loan fund has been to assist business start-up and expansion in the industrial, commercial, agricultural and tourism sectors. The RLF serves to bridge financing gaps often encountered as businesses seek financing for projects from traditional financial institutions.

HOW CAN REVOLVING LOAN FUNDS BE USED?

RLF loans will be made for the purpose of promoting, stimulating, developing and advancing business prosperity and welfare. Direct loans can be made for the following types of activities:

- Acquisition of land and/or site preparation
- Building construction, acquisition, demolition or rehabilitation
- Renovation or addition to existing facility
- Leasehold improvements
- Purchase of equipment, machinery, fixtures
- Working capital
- Other activities that promote industrial or commercial enterprise development

WHAT ACTIVITIES ARE NOT ELIGIBLE?

- Refinancing or consolidation of existing debt
- Relocation of jobs from another labor area
- Investment activities
- Speculative activities
- Lease cost of fixed assets
- Revolving or open-end working capital
- Acquisition of an equity position in a private business
- Subsidizing interest payments on existing loans
- Acquisition of interest in a business
- Loans that violate Federal regulations



WHAT ARE THE REQUIREMENTS?

- Private, for profit firms located in one of the eight counties in the CVADD service area are eligible to apply for loans.
- The minimum revolving loan fund loan is \$10,000 and the maximum \$200,000.
- All loans are subject to the availability of funds.
- Projects must create new jobs for area residents.
- There must be two dollars of private funds available for every dollar of RLF funds requested. The applicant must provide personal equity in an amount at least equal to 10% of the total project.
- At least one job must be created or retained per \$20,000 RLF funds loaned.
- Reasonable collateral with value equal to or greater than the value of the loan will be required and a personal guarantee of persons with 20% or more interest in the business.
- The interest rate is fixed and set at time of loan closing. The interest rate is set depending on the term and purpose of the loan.
- The applicant must demonstrate that sufficient private financing is not available for the project.
- No member of the CVADD Board of Directors, Loan Review Board or any other official, employee or agent of the CVADD who exercises revolving loan fund decision-making responsibilities is eligible to apply.