

# Revolving Loan Fund

## Program Description

### PURPOSE AND SCOPE

The purpose of the Blacksburg Partnership Revolving Loan Fund is to provide low-interest loans to businesses and property owners in Downtown Blacksburg to facilitate building improvements which will in turn stimulate job creation, business growth and enhance the tax base.

Many buildings in Downtown Blacksburg are 60 to 80 years old and are in need of major renovations to meet current building codes, to attract new businesses and to eliminate blight and deterioration.

### SOURCE OF FUNDS

Funds will be available through The Blacksburg Partnership Foundation, a 501c3 not-for-profit entity.

### ELIGIBILITY

Both property owners and business owners in the Downtown Commercial Zoning District are eligible to receive funds. Funds are strictly for building improvement. Funds are not for operating expenses, inventory or fixed assets.

## Program Guidelines

### LOAN DETAILS

- The loan fund is \$25,000, with a maximum loan amount of \$5,000
- The maximum term of the loan is three years
- The interest rate will be fixed at the prime interest rate

### COLLATERAL

All loans will be secured with lien positions on acceptable collateral. Guarantees may be required of individuals or entities owning or controlling 20% or more of the business or property.

### PRIVATE SECTOR FINANCING

Projects are required to have a combination of cash equity, private sector financing, and/or other public financing of at least 50% of the loan requests. A minimum of 10% non-borrowed cash equity is required except in circumstances deemed appropriate by the Blacksburg Partnership.

# Loan Processing

## PRE-APPLICATION PROCESS

Potential applicants will meet with Blacksburg Partnership staff to discuss the needs of the project and whether it appears to meet program guidelines. Background information, financial information, and a business plan, if available, will be provided for an initial evaluation.

## APPLICATION PROCESSING

Completed applications are initially reviewed by the Blacksburg Partnership staff to ensure that the application is complete and the request meets program guidelines. Loan applications meeting the criteria are sent to the Loan Review Committee.

The Loan Review Committee analyzes the credit, collateral, and repayment aspects of the loan request then recommends approval, denial, or modification of the request. Loan applicants are advised in writing of the decision.

# Evaluation Criteria

## FINANCIAL EVALUATION

The current performance of the business and the financial status of the proposed owners will be evaluated to determine repayment ability. Evaluation criteria include:

- Financial Status of the Business: This involves an evaluation of prior years' and present financial performance.
- Financial Status of the Owners: This involves an evaluation of prior years personal tax returns, personal financial statements, and credit history.

# About Us

The Blacksburg Partnership is a non-profit, independent economic development organization formed by the town, business and university communities. The purpose is to bolster the vitality of Blacksburg through projects that attract visitors and retail prospects. Partnership projects include development of property, the revitalization of retail districts, special events and the creation of marketing programs.

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