

# Orange County Revolving Loan Fund

## PROGRAM DESCRIPTION

The Orange County County Revolving Loan Fund (RLF) is a flexible source of supplemental financing for businesses expanding or locating to Orange County. This fund was created to assist businesses respond to impacts from COVID-19, and was funded using American Rescue Plan Act monies allocated to Orange County. Community Investment Collaborative (CIC) will administer the Fund and only Orange County businesses will be eligible to receive loans for the fund.

For start-up businesses or companies needing capital to expand, the RLF can help. Eligible uses for loan proceeds include operating capital, land or building acquisition, new construction, property rehabilitation or improvements, the purchase of equipment, supplies and material, and inventory for resale.

## OBJECTIVES

Economic development activities assisted with funds made available through this Program are intended to meet the following objectives:

- 1) To support and foster entrepreneurship in Orange County.
- 2) To maintain and promote a diverse mix of employment opportunities.
- 3) To encourage the creation and retention of permanent jobs that represent a range of wage scales appropriate to the skills and experience of the local labor force.
- 4) To encourage new private investment in Orange County.
- 5) To maintain a positive business climate which encourages the retention and expansion of existing business and industry and helps to attract desirable new business and industry.
- 6) To encourage the development of modern technology and safe, healthful work environments.
- 7) To promote business opportunities in Orange County.

## FINANCE TERMS & CONDITIONS

Loan terms and conditions shall be structured on need and ability to repay. Community Investment Collaborative (CIC) will be administering the loan fund and will underwrite the loans.

### Orange County Loan Fund terms:

- Application, business plan with prior financials and cash flow projections are required.
- CIC's Board of Directors appoints a loan review committee made up of 2 bankers, 2 serial entrepreneurs and a community representative to underwrite the loans.
- Only Orange County businesses are eligible to utilize the funds.
- Existing businesses with 6 months of revenue history may apply.
- New business startups or businesses with less than 6 months of revenue are eligible to apply if they are a graduate of CIC's Entrepreneur Workshop **OR** a counseling client of the Central Virginia Small Business Development Center.
- The maximum individual loan amount is \$20,000.
- Terms range from 1 - 5 years.



- Through a subsidy paid by Orange County, a special interest rate will be available to businesses approved for financing.
  - Year 1 payments on loans would have interest rate reduced by 3% (3.75-6.75%),
  - Year 2 reduced by 2% (4.75-7.75%),
  - Year 3 reduced by 1% (5.75-8.75%)
  - Loans beyond 3 years in term would pay CIC's standard rate (currently 6.75% to 9.75%) after year 3.
- Closing fees average \$200, and may be lower for very small loans
- Personal guarantees required on all loans, which means all payment history reported to credit bureaus.
- Security is taken against the business through UCC Filings either as general lien or specific to business assets.

### Decision Making

- All underwriting decisions for loans will be made according to CIC's Loan Policies and Procedures.
- Orange County may determine now or in the future to add restrictions or eligibility requirements, but CIC has decision making authority in applying underwriting criteria.

### Loan Servicing

- CIC will manage servicing on all loans.
- All principal repaid and interest earned on the loans will be returned to the Orange loan fund for use in future loans according to the terms of the fund.

