

# MOUNT ROGERS PLANNING DISTRICT COMMISSION

## LOAN FUNDS PROGRAM

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### PURPOSE

The Mount Rogers Loan Fund Program provides businesses within the Mount Rogers Planning District with financial assistance for land acquisition; building acquisition, construction, and renovation; the purchase of machinery and equipment; and working capital needs. The focus of the program is on creating jobs for area residents by encouraging new private investment in the region.

### LOAN POLICIES

- A loan can be made to cover up to one-half (50%) of the total project cost.
- The remainder of the cost must come from other bank financing or applicant equity.
- At least 10% of the project cost must come from applicant equity for fixed-asset loans.
- For working capital loans, applicant must have existing net working capital of at least 15% of the applicant's total working capital needs.

### LOAN AMOUNT

- Maximum amount - \$150,000
- Minimum amount - \$ 25, 000

### TERMS OF LOAN

- Fixed asset loans based on life of asset but not more than 10 years.
- Working capital loans generally 3 to 5 years.

### RATE OF INTEREST

- Two percentage points below the prime rate.

### ELIGIBLE APPLICANTS

- Private for-profit firms including corporations, partnerships, and sole proprietorships
- General and special purpose units of local governments.

- Public and private nonprofit organizations.

### ELIGIBLE USES

- Land and building acquisition
- Building construction, including renovation
- Machinery and equipment
- Working capital

### INELIGIBLE USES

- Purchase of equity in a business
- Refinancing other loans
- Land banking or speculative building with no definite project

### JOB CREATION

- At least one new job should be created for every \$15,000 borrowed.

### OTHER PROGRAM POLICIES

- Priority will be given to small manufacturing firms over other types of business.
- Priority will be given to those projects that leverage funds from other public and private sources.
- Priority will be given to projects located in Urban Enterprise Zones.
- Priority will be given to agriculture-related projects.

### SECURITY

- Security will be required as necessary and may be in the form of liens on the assets financed, or on other non-project assets.

### APPLICATION FEE

- There is a \$100 non-refundable application fee. This fee will be deducted from a one percent administrative service charge for successful applicants.

### LIEN SUBORDINATION

- The lien position of the MRPDC revolving loan may be subordinated and inferior to

other liens securing other loans made in connection with the proposed project.

### LOAN STRUCTURE

- A typical loan would be structured as follows:

MRPDC Revolving Loan (33%)	\$49,500
Conventional Financing (57%)	85,500
Applicant Equity (10%)	15,000

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TOTAL PROJECT COST	\$150,000
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### LOAN REVIEW PROCESS

- Loan applicant meets with the MRPDC staff to determine eligibility of proposed request and discuss loan application procedures. A complete loan application is prepared by the applicant and submitted to MRPDC. The Loan Review Committee reviews each application and recommends approval or denial of the loan request to the MRPDC Executive Committee.

### SERVICE AREA

- The Mount Rogers Revolving Loan Fund is available to businesses located (or locating) in the Counties of Bland, Carroll, Grayson, Smyth, Washington, Wythe, the City of Galax, and the City of Bristol.

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FOR LOAN INFORMATION, CONTACT:

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