



## **Business Funding Programs**

### **Office of Economic and Community Development**

## **Revolving Loan Fund (EDA)**

### **Overview:**

Revolving loan funds (RLFs) make loans to businesses that cannot otherwise obtain traditional bank financing. Applicants must be private, for profit businesses. Borrowers must demonstrate that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. The maximum EDA loan amount will be \$250,000 however loan can be no more than 30% of the total project costs.

### **Eligible Uses of Funds**

- Land acquisition, including costs for engineering, legal, grading, site-work, and other related costs.
- Building costs including, acquisition, new construction, renovation, engineering, architectural, accountant, legal and related costs.
- Machinery and equipment costs as well as associated delivery, installation costs.
- Costs associated with site development.
- Working capital.
- Other costs including closing costs (loan servicing, legal fees and other costs).

### **Ineligible or Restricted Uses of Funds**

- Acquire an equity position in a private business;
- Subsidize interest payments on an existing loan;
- Provide for borrowers' required equity contributions under other Federal Agencies' loan programs;
- Enable borrowers to acquire an interest in a business, either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation.
- Provide RLF loans to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit or any investments unrelated to the RLF;
- Refinance existing debt;
- Speculative activities such as land banking are not permitted.