

## RLF WORKING CAPITAL LOAN GUIDANCE

3/27/2020

Attention: Georgia Local Revolving Loan Fund (RLF) Communities

In response to the COVID-19 crisis, the Georgia Department of Community Affairs (DCA) is reaching out to communities with active Revolving Loan Funds (RLF) capitalized with either an Employment Incentive program (EIP) or Redevelopment Fund grants. Of particular interest to small businesses is a low interest working capital injection. Working capital loans are an eligible use of RLF. In response to this, the Department is providing guidance to assist RLF communities in making working capital loans to businesses severely impacted in their jurisdictions. The federal dollars held in RLF accounts may be used to assist local businesses with loans to retain jobs, especially jobs held by low- and -moderate income persons.

In general, loans must comply with the following parameters:

- **Loan Terms** - 3.75% interest rate with a maximum term of 5 years. The first year may be interest only.
- **Loan Amount** - The maximum loan amount to one company would be \$40,000.
- **Loan Match** – Loans will require a 25% matching capital infusion from owners or other lenders.
- **Public Benefit** - At least 51% of the jobs retained must be for low- and -moderate income persons.
- **Approval Process** - All loans recommended for approval **must** first receive compliance review and approval from DCA.

### INELIGIBLE BORROWERS

- Passive income companies
- Lending and investment institutions
- Unregulated media such as newspapers and magazines
- Speculative ventures
- Charitable organizations
- Employees of the local government and their family members

Should your community wish to offer this type of loan with your RLF, please designate a point person to work with both DCA and your local businesses. A DCA representative will be in touch in the very near future to establish contact with your designee as well as providing guidance, forms and instructions required by federal and state law to make allowable loans under the RLF Program Policies and Procedures.

Should you have questions, please contact your DCA Regional Representative.

<https://www.dca.ga.gov/contact>