



GREEN RIVER AREA DEVELOPMENT DISTRICT



REVOLVING LOAN FUND

The GRADD Revolving Loan Fund (RLF) was established to develop and assist in financial packages for companies in the industrial, commercial, and service sectors. It is designed to have an impact on the economic growth of the region.

PROGRAM GUIDELINES

1. Projects must be located in Daviess, Henderson, Hancock, Webster, Union, McLean, or Ohio County.
2. Project must be in the industrial, commercial, and service sectors.
3. The GRADD RLF participation must be matched by private investment at a 2 to 1 ratio. The maximum loan is \$100,000 for fixed assets. The maximum loan for working capital is \$50,000. In no case shall the total loan amount exceed \$150,000 per borrower.
4. The project owner(s) must inject a minimum of 10 percent of the total project cost.
5. The RLF requires other lender participation in the project.
6. Maximum RLF Terms:

Working Capital	5 years
Equipment	7 years
Land & Building	15 years
7. Applicants are required to have existing net working capital of at least 20 percent of its total working capital needs.
8. Projects must create new jobs, retain jobs or have a significant impact on the economic growth of a community.
9. The floor interest rate charged on all loans will be the lesser of either 75 percent of the prime rate as published in the Money Rates section of the Wall Street Journal, or four percent.
10. As appropriate and practical, financing will be secured with mortgages, liens or assignments of rights to assets of borrower. Personal guarantees are required by all owners of the business.
11. At least annually, all borrowers will submit company and/or personal financial statements as required by the Economic Development Corporation.
12. For construction projects, Davis Bacon prevailing wages, an environmental assessment, and Kentucky State Historic Preservation Office and Kentucky Clearinghouse reviews are required.

LOAN PROCESS

1. Potential applicants should contact the GRADD office to discuss project eligibility and proposed financing structure.
2. Following eligibility determination, an application must be submitted to GRADD for staff review and preliminary approval.
3. Upon loan closing, a \$250 non-refundable application fee will be collected from the loan proceeds.
4. All applications must receive approval from each of the following before final approval is given:
 - a. Green River Economic Development Corporation Loan Review Committee;
 - b. Green River Economic Development Corporation Board of Directors; and
 - c. GRADD Board of Directors.
5. A closing fee will be charged to cover actual expenses (such as legal and recording fees) incurred by GRADD to close a loan.