



# REVOLVING LOAN FUND

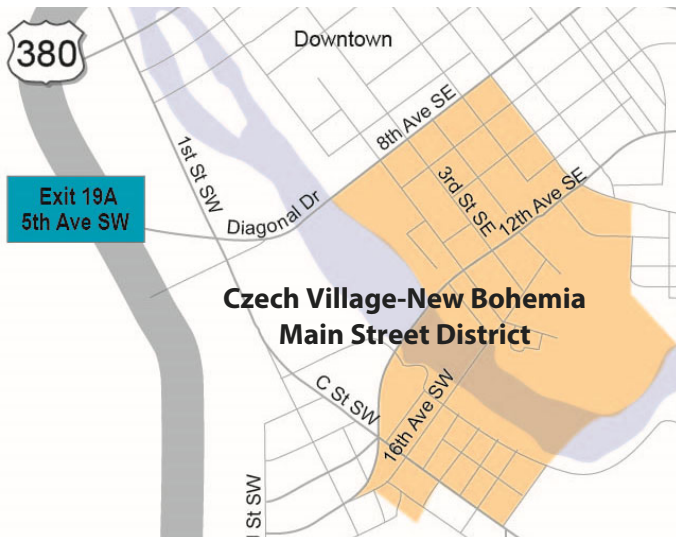
## What is a Revolving Loan Fund?

The Revolving Loan Fund (RLF) is a loan pool established by the Czech Village/New Bohemia (CVNB) Main Street District and administered by the East Central Iowa Council of Governments (ECICOG) to assist new and existing businesses within the Main Street District in development and expansion efforts. Funds may be used in conjunction with local lenders to serve as gap financing. As loans are repaid into the pool, the fund revolves back out to other candidates for the program.

## Goals and Objectives

The CVNB Main Street District supports a diversified economy including small locally owned businesses in the retail, office, services, nonprofit, and food markets. Through the establishment of this RLF, CVNB Main Street intends to:

- ▶ Aid in establishing new business start-ups to diversify or replace business sectors affected by the flood of 2008
- ▶ Create new jobs and retain existing jobs
- ▶ Increase per capita income and tax base
- ▶ Stabilize and diversify the area economy by providing employers with capital for start-up and/or expansion of locally owned businesses.
- ▶ Redevelop and/or reuse blighted or vacant land and facilities in order to put them to productive use
- ▶ Complement other State and Federal economic development loan programs
- ▶ Aid businesses owned and operated by minorities, women, or by persons who are economically disadvantaged



## Filling a Need

A Market Analysis and Revitalization Strategy completed in 2013 surveyed over 500 stakeholders and analyzed consumer data to reveal there is a strong need and desire for additional retail, housing, dining, office, and entertainment options throughout the district.

The Revitalization Strategy identified the potential for approximately 161,000 sq ft of first floor retail space in vacant lots throughout the district. With an average building/storefront footprint of 2,500 square feet, this would allow for over 60 new businesses. In addition to this potential for new construction, there is also a generous supply of existing vacant storefronts that are prime for new business development.

With small, locally owned businesses operating in a relatively small footprint, with few employees, and limited collateral, they are often ineligible for state and local incentives. Bank financing can also be difficult to obtain as many properties in the district are located within the 100-year flood plain and small startup establishments are often viewed as a risky investment.

It is the intent of the CVNB Main Street District RLF to provide an alternative funding option that will infuse the district with new jobs, businesses, and density to ensure the long-term revitalization of this important historic district in the heart of Cedar Rapids.

## Loan Terms

- ▶ Loan Range: \$5,000-\$25,000
- ▶ Average Loan Awarded Per Job Created: \$5,000
- ▶ Expectation of 1:1 Private Investment Match
- ▶ Maximum Loan Term: 10 years
- ▶ Competitive Interest Rates
- ▶ 2% Administrative Fee
- ▶ RLF Funds May Be Used For: working capital, purchase of machinery & equipment, purchase of real property, and/or tenant improvements

## Application Process

- ▶ Step 1: Complete an application and return it to ECICOG. CVNB Main Street Economic Restructuring Committee evaluates application for completeness.
- ▶ Step 2: Application is forwarded to the loan review committee. Applications received before the last business day of the month will be placed on the next month's agenda.
- ▶ Step 3: The loan review committee evaluates the application and will approve/decline funding.
- ▶ Step 4: Approved applications begin the loan closing process. This includes preparation of the loan closing documents and scheduling of a loan closing date.

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