

## Intermediary Relending Program

To assist in economic development efforts and to create and retain jobs in underserved areas of Virginia, we extend business loans for fixed asset acquisition (such as real estate or equipment) and working capital loans are also available. Borrowers generally benefit from lower interest rates, longer repayment terms and higher loan amounts.

### Requirement for Community Needs Tracking

- Demonstrated need for job creation and substantial state or local government support is required. Periodic reporting is required.
- Applicant agrees to hire at least 20% of its workforce from families with incomes below the poverty line.

### Project/Borrower Characteristics

- Borrower must be financially stable, capable of financially supporting expanded operations and be experienced in, or have support for, workforce development.

### Other Conditions

- Borrower must be a legally organized entity.
- Borrower should demonstrate the financial resources and capacity to carry any projected short-term operating deficit. Borrower must be able to demonstrate and/or provide a minimum of two months debt service reserve.
- Business plan must demonstrate current or elevated market demand supporting expansion need, from existing market data or current market study. Projections must demonstrate significant living wage job creation and demonstrate very near-term positive cash flow.
- Debt coverage ratio must be adequate to service the debt being extended and any other existing and potential sources of financing.
- Underwriting based on borrower's historical and projected financial condition and operations; alternate cash flow sources; potential for equity appreciation; industry experience; and the potential for equity contributions from state or local grant sources. General community support, impact and the economic contribution of the project to the community will be considered in underwriting.
- Borrowing entity must be in a service area where the median household income falls below 80% of the statewide non-metropolitan household income.
- Eligible projects must be in a service area where the median household income equals at least 150% but less than 175% of the poverty line for a family of four.
- Eligible projects must be in a service area in Virginia where the unemployment rate equals 125% but less than 150% of the national unemployment rate. Call for eligibility details.



### Loan Amounts

Minimum: \$25,000

Maximum IRP: lesser of 40% of total eligible project costs or \$75,000; financing combined with other VCC loan funds to achieve higher loan amounts

### Rate Structure

Floor of 5% and rate ceiling of prime + 2.75%

### Maturity Terms

Working capital loans up to 7 years; machinery & equipment up to 15 years (or useful life) and real estate loans up to 30 years; all loans are repriced every 5 years

### Collateral

1st or 2nd deed of trust; business assets, and/or assets financed

### Origination Fees

2% as percentage of the amount borrowed, can be financed as part of loan proceeds; deposit of \$1,000 or 1.5% of loan amount requested, whichever is less

### Late Payment Fees

5% to a maximum of \$250 after the 10th day

### Prepayment Penalty

None

### Loan-to-Value Guidelines

Based on the assets financed; up to 90% loan-to-value based on risk analysis, guarantor strength, overall collateral availability and type of project

### Guarantees

Personal and corporate guarantees required; property owners, principals, partners or majority stockholders generally required; parent organization, if applicable

### Environmental Assessments

Phase 1 study required for real estate transactions; Phase 2 study may be required based on Phase 1 findings; remediation required

### Acceptable Equity

Tangible balance sheet equity as determined by GAAP, borrower must provide a minimum of 10% cash equity for the project