

REVOLVING LOAN PROCESS SUMMARY

Eligibility Requirements

The Revolving Loan Program objectives are twofold: to create and establish new businesses within the C-1 Central Business District of Warrenton and to facilitate growth of existing businesses to serve as a catalyst for additional new businesses. The Town of Warrenton will give priority to projects and applicants that further these goals.

Types of applicants eligible for funding include:

- ❑ Corporations, Partnerships, Sole Proprietorships, Cooperatives

Types of projects eligible for funding include:

- ❑ Small Business expansion or startup
- ❑ COOP development with a focus on artisans or agriculture
- ❑ Building renovation of a commercial nature only. (Second -floor residential space will also be considered acceptable.)

The maximum amount of a single loan may not exceed \$20,000. The minimum loan amount is \$1000.

Interest Rate and Terms

- ❑ Interest rate: Current Prime Rate according to the Wall Street Journal
- ❑ Term:
 - Inventory: from 6 to 24 months
 - Capital Equipment: from 3 to 7 years, or depreciable life
 - Capital Improvements to commercial building up to 10 years

Fees, Closing costs

- ❑ The loan-processing fee is 1% of the amount of the loan.
- ❑ The legal fees and closing costs will be limited to not more than \$750.

Application and Review

In addition to your application you must also complete a personal financial statement and submit it along with a complete business plan. The Finance Committee of the Board of Commissioners of the Town of Warrenton, along with a local banker, will consider the applications and make recommendations to the entire Board of Commissioners for approval. Applicants should submit applications to the Town Administrator at the Town Hall offices at 119 E. Market Street, Warrenton, NC 27589.

- ❑ Application
- ❑ Personal Financial Statement
- ❑ Comprehensive Business Plan

Based on the submitted application, financial statement and business plan, additional loan security documents may be required such as pledged collateral or a lien position on real property. In some cases insurance may be required.

Closing Process

The closing and disbursement of RLF monies will occur at the offices of a board-certified attorney in the State of North Carolina. At this time, a promissory note with interest rate, repayment terms and collateral will be executed by applicant and TOW.