

# WHAT IS A REVOLVING LOAN FUND (RLF)?

A revolving loan fund (RLF) is a gap financing measure used for business development and expansion. It is a self-replenishing pool of money, utilizing interest and principal payments on old loans to issue new ones.



When a borrower makes a payment to the Emmetsburg Municipal Utilities RLF, funds are then available to be used for another business project in the community.



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EMMETSBURG MUNICIPAL UTILITIES

# REVOLVING LOAN FUND



# PROGRAM OVERVIEW

## RATE & TERMS

The interest rate and length of the loan may differ between projects. Loans may be long- or short-term, not to exceed 10 years. The rate charged, typically below prime, depends on the needs of each project and the degree to which the proposal aligns with the goals and priorities of the RLF program.

## LOAN AMOUNT

- ▶ Maximum loan amount of \$150,000
- ▶ Funds shall provide no more than 35% of the financing for any project
- ▶ Financing from financial institution must exceed the amount requested from the RLF
- ▶ Generally, loans exceeding \$10,000 per full-time job created/retained (within 2-year period) will not be awarded

## APPLICATION FEE

Applicants must submit a non-refundable application fee in the sum of \$250.

## COLLATERAL

Loan funds shall be secured by mortgages or security agreements against fixed assets, equipment, land, buildings, business assets, or assets of the business owner(s). EMU prefers to assume a first position to other lenders but may negotiate for other loan aspects.

## ELIGIBLE USES OF FUNDS

- ▶ Acquisition of existing business
- ▶ Purchase of land or existing buildings
- ▶ Construction of new buildings, rehabilitation or remodeling of existing buildings
- ▶ Purchase and/or repair of machinery and equipment
- ▶ Purchase of inventory and raw materials



# THINGS WE CONSIDER

Job creation, wages,  
and fringe benefits

Private equity injection  
into project

Percentage of funds other  
than RLF in project

Project feasibility

Business plan, financials,  
and projections

Positive impact on the  
Emmetsburg area

New economic activity,  
property tax enhancement,  
and project schedule

# PURPOSE

Cultivate economic  
development

Encourage new business  
start-ups and existing  
business expansions

Promote entrepreneurship

Grow employment  
opportunities

Enhance quality of life  
with increased tax revenue  
for public services and  
amenities

Increase usage of natural  
gas and water utilities  
through EMU