

Information about the City of Coalinga Revolving Loan Fund

Background.

The City of Coalinga Revolving Loan Fund was established to assist businesses destroyed or damaged in aftermath of the 1983 earthquake. The Revolving Loan fund was capitalized with funds from the Economic Development Administration (EDA) of the U.S. Department of Commerce. The Loan Program is administered by the City of Coalinga in accordance with EDA Guidelines and Requirements. The Loan Program is generally designed for gap financing to assist new and expanding businesses in the City of Coalinga.

Loan Program Overview.

Eligible Applicants: Any new or expanding business in the City of Coalinga is eligible to apply.

Loan Limits: The maximum loan amount is \$50,000.

Leveraging requirements: Loan funds must be matched by private financing or equity investment funds generally to a 2-1 ratio. Thus, an applicant must obtain \$2 of private funds for every \$1 of public loan money from the City's Revolving Loan Fund. Thus, for example, if a person needs \$90,000, they might invest \$25,000, get a bank loan of \$35,000, and then borrow \$30,000 from the City's Revolving Loan Fund.

Job Creation Requirements: It is expected that 1 job will be created for every \$ 10,000 in loan money.

Location: Businesses must be located (or locating) in the City of Coalinga.

Use of Funds: Loan funds can be used for a wide variety of business related uses including startup expenses, capital assets, tenant improvements and working capital expenses. However funds cannot be used to refinance existing debt.

Interest Rate: Variable rates.

Process:

- 1) Applicant obtains and fills out Loan Application, which includes a Business Plan, cash flow projections, credit information, and projected fund use.
- 2) Applications are reviewed by the Revolving Loan Fund Committee for their recommendation. Upon approval by the Committee, the application is then referred to the City Council for final consideration.
- 3) Application is reviewed by the City Council.
- 4) Upon Council approval, a Loan Agreement is signed, and funds disbursed.

For an application or additional information:

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