

# The City of Longview administers a below-market-rate, variable-term-loan program to assist new and expanding industrial and commercial businesses. Here is a summary of program features.

## Program Purpose

The purpose of the Revolving Loan Fund (RLF) is to create new jobs, strengthen the city's and region's economy, encourage revitalization of downtown Longview, and encourage development of the City's Mint Farm Industrial Park and other industrial parks.

## Program Target Area and Priorities

Projects must be within or near Longview city limits. The City Council must approve any loans for firms outside city limits. While the Mint Farm Industrial Park and downtown are the primary targeted locations, loans are for new, start-up businesses as well as for existing, small-to-large firms desiring to expand or start new product lines.

## Use of Funds

Funds are to be used for fixed assets for land, buildings, new construction, reconstruction, expansion and modernization, and acquisition of new and/or used equipment. Working capital loans are limited to 30% of portfolio (higher if approved by U.S. Economic Development Admin. [EDA]).

## Average Size of Loan

Loans can range from \$10,000 to \$100,000, with an average of \$50,000. Larger loans will be considered on a case-by-case basis.

## Required Equity and Private Sector Leveraging

Owners/borrowers must provide a minimum of 10% of the loan package in capital, cash, land

and/or other fixed equity. The RLF will provide up to one-third (33.33%) with the remainder comprised of private lender resources and borrower equity (at least 10%).

## Collateral

The project must be fully collateralized which can include liens on fixed assets, inventory, receivables, assignment of patents and licenses, and other assets of the borrower. Personal guarantees may also be required along with flood and hazard insurance and disclosure of environmental conditions.

## Jobs Created

The project must create and/or retain at least one job per \$8,000 of RLF monies invested.



## Interest Rates

Interest rates are designed to assist businesses with special credit problems. These loans may involve greater risks and lower interest rates than conventional financing. The minimum rate will be four percentage points below current US Treasury rate for loans of similar size, maturity, and purpose.

## Loan Terms

- *Real estate and buildings*: up to 20 years.
- *Machinery and equipment*: negotiable up to seven years
- *Working capital*: up to five years.
- Balloon payments may be utilized.
- Packaging fees are from zero to 4% and servicing fees no more than 1%.
- All fees are subject to waiver by the Loan Administration Board.

## Program Structure

The City is the loan administrator, with a Loan Administration Board making the decisions on approving, modifying, or denying applications submitted by staff. The Loan Administration Board is comprised of eight members: three Longview financial institution representatives; two Longview City Council representatives; one small business representative within Longview city limits; one at-large representative; and, one Cowlitz Economic Development Council (EDC) representative.

Loan payments and fees go to support program administration and are “revolved” for future loans. The Cowlitz EDC is the primary marketing entity. The Cowlitz-Wahkiakum Council of Governments is the grantee for the original \$300,000 from the U.S. Economic Development Administration (EDA) and the City provided a \$100,000 local match from a federal urban renewal program (early 1980s).

## Questions?

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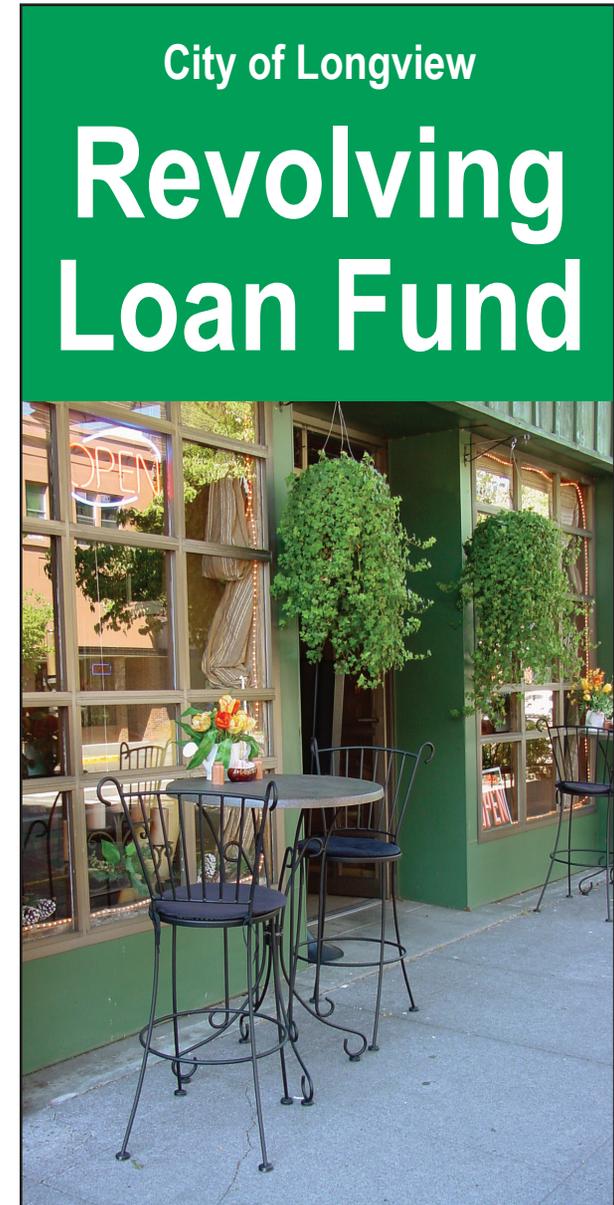
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A cooperative effort by the  
City of Longview and  
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