

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 immediately adjacent to 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 percent of portfolio (higher if approved by U.S. Economic Development Administration [EDA]).

Average Size of Loan

Loans can range from \$10,000 to \$150,000, 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 ten percent of the loan package in capital, cash, land and/or other fixed equity. The RLF will provide up to one-third (33.33 percent) with the remainder comprised of private lender resources and borrower equity (at least ten percent).

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 to \$20,000 of RLF monies invested.

Interest Rates

Interest rates are designed to assist firms 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 25 years.
- *Machinery and equipment:* negotiable up to 15 years
- *Working capital:* up to seven years.
- Balloon payments may be utilized.
- Packaging fees are from zero to four percent and servicing fees no more than one percent.
- All fees are subject to waiver by the Loan Administration Board.

Program Structure

The City is the loan administrator, with the Loan Administration Board making the decisions on approving, modifying, or denying applications submitted by staff. The Loan Administration Board is comprised of seven members: three Longview financial institution representatives, two Longview City Council representatives, one business/industry representative and one Cowlitz Economic Development Council (EDC)/downtown redevelopment 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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City of Longview Revolving Loan Fund



A cooperative effort by the
City of Longview and
Cowlitz-Wahkiakum Council of Governments