

# Grow Covington Fund

## Financing for Small Business



The **Grow Covington Fund** is a unique economic development partnership between the City of Covington and the National Development Council (NDC), one of the nation's oldest economic development nonprofit organizations.

NDC is a nationally recognized Small Business Lending Company licensed by Small Business Administration (SBA) and is also a Community Development Financial Institution (CDFI) as designated by the United States Department of the Treasury, CDFI Fund. Loans are administered through NDC's wholly-owned affiliate, the Grow America Fund (GAF).

### How Grow Covington Fund operates

The City of Covington and NDC have established and capitalized the Grow Covington Fund as economic development tool designed to assist eligible small businesses within Covington to obtain the financing required to grow their small businesses.

Loans made under this program will be underwritten by GAF and guaranteed by the SBA, so each loan must comply with SBA guidelines and procedures.

### What are the advantages of this program?

- Terms equal to the lives of the assets being financed.
- Low equity requirements.
- Variable or fixed interest rates, generally below market rates.
- Flexible underwriting criteria.
- Limited pre-payment penalties.
- Loans tailored to individual borrowers.

### Who is the ideal borrower?

- A business that has been in operation for three or more years.
- A for-profit business located in Covington
- A business with a financing need above \$100,000.
- A business with historical cash flow to service debt
- A business which will create or retain jobs as a result of the loan.
- Nonprofits, real estate developers, and investment advisory firms are ineligible.

### What are eligible uses of the funds?

- Permanent working capital.
- Refinancing of non- SBA debt.
- Construction and leasehold improvements.
- Property acquisition and improvement (*for loans that include real estate the borrower must occupy 51% of existing building or 60% of new construction*)
- Machinery & equipment.
- Funds cannot be used for equity needs, research and development, or as venture capital.

### What are other requirements?

- Any owner with over a 20% interest must provide a personal guarantee.
- A loan must be collateralized with available assets, to the extent possible.
- Demonstrated ability to repay a loan with existing or projected cash flow.

### What should be submitted?

- Three years of tax returns, personal.
- Three years of tax returns, corporate.
- Interim income statement and balance sheet.
- Debt schedule.
- One year of projections.
- Management experience, resumes.
- Credit release form.

**For more information, please contact:**

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