Financing

Industrial Development Revenue Bonds
Tax-exempt Industrial Revenue Bonds (IRB) are issued through the City of Radford's Economic Development Authority and can be used to assist businesses in acquiring land, constructing or expanding buildings and purchasing equipment. The bonds may also be used to lease facilities and equipment at tax-exempt rates. All projects financed with IRBs must meet federal tax code requirements for eligibility. Tax exempt financing may be used for projects within a single political jurisdiction with a total capital investment value of less than $10 million.

The Virginia Department of Business Assistance (DBA) Financial Services Division administers the programs of the Virginia Small Business Financing Authority (VSBFA), which is a statewide conduit issuer of industrial development bonds and is the vehicle through which DBA provides financial assistance to Virginia businesses. DBA staff work with businesses, bankers and other state agencies to provide direct funding and credit enhancements through a variety of financing programs for the benefit of eligible new and expanding businesses.

For more information contact the Virginia Department of Business Assistance at (804) 786-6585 or visit them at www.vdba.virginia.gov

Loan Guaranty Program
Through the Loan Guaranty Program (LGP), the Virginia Small Business Financing Authority will guarantee a portion of a loan or line of credit extended by a commercial bank to a qualified Virginia business. The maximum guaranty under the program is 75% of the loan or line of credit up to a maximum guaranty of $500,000. The program can be used to provide a guaranty for a short-term line of credit or a term loan of up to five years in duration.

To qualify as an applicant under the program, the Virginia business must meet the VSBFA criteria for an eligible business-either annual sales less than $10 million, net worth less than $2 million, or less than 250 employees.

For more information contact the Virginia Small Business Financing Authority at (804) 371-8254 or visit them at www.dmbe.virginia.gov

Economic Development Loan Fund (EDLF)
With funding from the federal Economic Development Administration, the Economic Development Loan Fund (EDLF) is designed to fill the financing gap between private debt financing and private equity. Funds are available to economic development authorities and qualifying new and expanding businesses that are creating new jobs or saving "at risk" jobs in qualified underserved and distressed areas of Virginia as defined by the EDA. Funds are also available to Virginia businesses which derive 15% or more of their revenues from defense-dependent activities and can demonstrate economic hardship related to defense downsizing.

For more information contact the U.S. Economic Development Administration at (202) 482-2000 or visit them at www.eda.gov

Virginia Capital Access Program (VCAP)
The Virginia Small Business Financing Authority's (VSBFA) Virginia Capital Access Program (VCAP) provides access to capital for Virginia businesses by encouraging banks in Virginia to make loans that they would otherwise not make due to a borrowers riskier profile. Unlike government guaranty programs which provide a guaranty of a specific loan, VCAP utilizes an insurance concept on a portfolio of loans. The Program establishes a loan loss reserve at each participating bank which is funded by enrollment premiums paid by the Borrower/Bank and VSBFA.

Once the bank has approved the financing for enrollment in VCAP, the bank determines the premium amount to be paid by the borrower based on the banks perceived level of risk. Enrollment premiums paid by the borrower typically range between 3% and 7% of the loan amount and are non-refundable. VSBFA contributes a matching premium.

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Childcare Financing Program
Eligible Borrowers are any regulated child care center licensed by the Virginia Department of Social Services (DSS) or filed as religious-exempt with DSS; and Family Home Providers licensed by the Virginia DSS, registered through the Voluntary Registration Program, part of a Licensed Family Day Care System, or participating in the USDA Food Program. Eligible uses include quality enhancement projects or renovations and repairs necessary to comply with health and safety standards required by DSS; playground equipment and learning aids; and fixed assets that directly impact the health, safety and welfare of the children.

Loans of up to $150,000 per location for Child Care Centers and up to $10,000 for Family Home Providers can be available for eligible providers with terms up to 7-years. The interest rate is Prime minus 3% fixed with a floor of 4%, and the application fees are $100 for Centers and $15 for Home Providers.

For more information contact the Virginia Department of Social Services at (800) 552-3431 or visit them at www.dss.virginia.gov

Environmental Compliance Assistance Fund (ECAF). ECAF provides existing Virginia businesses with financing for 1) equipment to comply with the Clean Air Act, 2) equipment to implement voluntary pollution prevention measures, or 3) equipment or structures to implement voluntary agriculture best management practices (BMPs). Maximum loan amounts are $100,000 and the project must meet DEQ or DCR eligibility requirements. Borrowers must be VSBFA-defined small businesses and credit-worthy by VSBFA standards. The interest rate is three percent and maximum term is 10 years. Interested parties should apply directly to the VSBFA.

For more information contact the Virginia Small Business Financing Authority at (804) 371-8254 or visit them at www.dmbe.virginia.gov

Small Business Microloan Program (SBMP). SBMP funds a maximum of $10,000 in loans to existing Virginia small businesses. Eligibility requirements are a minimum of two years of active operation in the Commonwealth and a minimum of 650 personal credit scores of all business owners/loan guarantors. Terms are a maximum of four years and rates are Wall Street Journal Prime plus three percent. If a business has received counseling from a Virginia Small Business Development Center, the maximum loan amount may increase to $25,000. Interested parties should apply directly to the VSBFA.

For more information contact the Virginia Small Business Financing Authority at (804) 371-8254 or visit them at www.dmbe.virginia.gov

Cash Collateral Program (CCP). The CCP is designed to help Virginia's businesses obtain the funds to start, enhance, or expand their operations, and thereby create or maintain jobs in the Commonwealth. The VSBFA's participation helps reduce a lender's credit risk by providing cash collateral on deposit at the lender bank as support for a business purpose loan. Most typically, the CCP is used in those instances when the applicant company has the demonstrated ability to cash flow the debt, but the collateral coverage is insufficient for the lender's normal underwriting standards. It is also used for SBA 504 loans when the lending bank is funding the certified development company's loan pending the sale of a debenture. The VSBFA can provide cash collateral up to 40 percent of a loan or $500,000, whichever is less, with a maximum relationship participation between the borrower and the VSBFA of $500,000. The lender sets the interest rates and terms. The VSBFA's participation is for a maxi-mum of five years on term loans. Annual lines of credit not matured may be renewed up to two times with a maximum term of three years. Interested parties should apply to a participating lender.

For more information contact the Virginia Small Business Financing Authority at (804) 371-8254 or visit them at www.dmbe.virginia.gov

Loan Participation Program (LPP). The LPP provides for the purchase of part of a lender's loan. The VSBFA can purchase up to 40 percent or $500,000, whichever is less, of a term loan made by a commercial bank to an eligible Virginia business. The VSBFA's purchase participation helps reduce the lender's credit risk by reducing the amount of exposure. This program can help lenders when the legal lending limit is a restriction on their ability to lend or when their exposure to any given borrower has been reached. It allows the lender to continue to provide assistance to their customer without having to send them to competition. The participation can also help when the collateral supporting the transaction does not meet the lender's normal underwriting criteria. The lender sets the terms and interest rate. VSBFA's maximum term is 10 years. Interested parties should apply to a participating lender.

For more information contact the Virginia Small Business Financing Authority at (804) 371-8254 or visit them at www.dmbe.virginia.gov