

WHAT IS THE FUND?

The Mississippi River Regional Planning Commission's CMV Growth Development Fund was originally formed to provide loans to businesses within Crawford, Monroe and Vernon Counties to assist in long term economic recovery from the Flood of 1993. As those loans were repaid back they again were loaned to other businesses in the three-county area thus creating a self-perpetuating revolving loan fund - RLF.

HOW WAS THE FUND CREATED?

A U.S. Department of Commerce-Economic Development Administration grant in the amount of \$146,400 was paired with a local match of \$26,000 Capitalizing the CMV Fund at \$172,000.

WHAT ARE THE GOALS OF THE FUND?

The economic development goals of the Fund are:

- (1) To provide affordable and flexible gap financing to businesses that leverage additional private investment and lending.
- (2) To help businesses retain and expand their operations.
- (3) To help create and retain jobs.
- (4) To increase personal income levels.

HOW WILL THE FUND ACHIEVE ITS GOAL?

The goals will be achieved by providing affordable and flexible loan terms to businesses that will serve as an incentive to lending institutions to participate in a business deal that would not occur were it not for the RLF. In all instances, the CMV loan will be in conjunction with a larger share of private financing or other business investment sources.

WHY IS THE FUND NEEDED?

Small businesses create the most jobs, but suffer from a shortage of long term financing. Eighty percent of the new jobs in the nation and the great majority of jobs in western Wisconsin are created by businesses employing less than 100 people.

Ironically those businesses that create the most jobs are the least able to obtain reasonable financing for job creating business expansions. Because of the shortage of long-term financing, small businesses are frequently unable to undertake expansions to the extent desired.

WHAT STANDARDS AND LOAN CRITERIA WILL THE FUND USE?

Loan Sizes: Loans from \$7,000 to \$85,000 are the preferred range. The maximum loan to a single borrower is \$100,000. Micro-loans below \$7,000 may also be considered.

Job Creation: A minimum of one job created or retained for every \$20,000 of CMV financing.

Loan Ratio: To help reduce risk and protect the CMV loan portfolio \$2 of private financing to every \$1 of CMV financing is required.

Participating Lender: Lending from this loan fund is always in conjunction with a sponsoring senior lender or investor. To apply for a CMV loan a business must secure private financing. A senior lender will also be required to appear at the CMV Loan Board meeting with the business to answer questions and help service the CMV loan.

Equity: Each project requires a minimum of 10% equity.

Refinancing of Existing Debt: Refinancing of existing debt may be considered if a business can satisfactorily demonstrate such refinancing is necessary to stay in operation and business plan convinces loan board of ability to recover if more favorable financing terms are not secured.

Use of Funds: Real estate, equipment and working capital, are all eligible financing uses.

Interest Rates: 4-6% Based on need and economic conditions.

Loan Terms: Land and buildings - 10-15 years, equipment and machinery - expected life, working capital - up to seven years. Balloon payments and a transition

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to private financing after an agreed upon time period are likely to be part of a loan. Adequate collateral and security requirements will be sought on all CMV loans. The CMV may take a subordinated position behind a senior lender.

Deferred Interest Payments: Deferment of initial loan interest payments may be allowed.

HOW IS THE FUND MANAGED?

The CMV Growth Development Fund is an organization made up of officials representing local governments, utility companies, financial institutions, and the MRRPC. The Mississippi River Regional Planning Commission is the Grantee and is responsible for administering and providing compliance review services for the Fund's Board of Directors.

FEDERAL REGULATIONS

Loan recipients are required to adhere to several federal regulations such as National Environmental Policy Act, Civil Rights Act, Davis Bacon Act, Flood Disaster Protection Act, and National Historic Preservation Act. A statement of non-relocation is also required. The MRRPC staff serving as the RLF administrator will inform the borrower of the above and any other Federal regulations they are required.

HOW IS AN APPLICATION SUBMITTED?

Prior to completing a loan application, contact the Mississippi River Regional Planning Commission (MRRPC) at 608-785-9396 to see about the amount of loan funds available. The MRRPC staff serves as the CMV loan administrator and review agent.

LOAN APPLICATION ADMINISTRATION AND COMPLIANCE REVIEW FEES

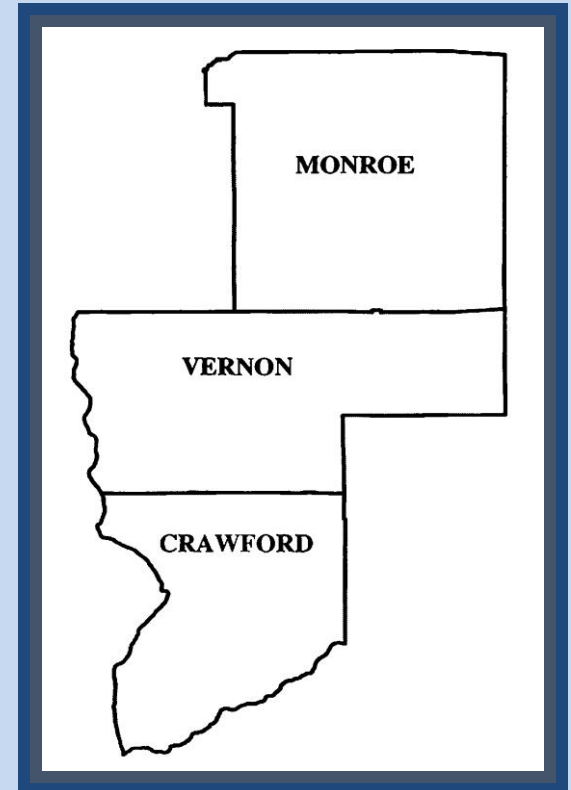
A \$100.00 processing fee shall be paid with the submission of each RLF application. An additional fee of \$200.00 shall be paid at the time of closing to cover additional administrative expenses and future reporting and monitoring costs associated with the loan. For micro loans there is a \$30.00 application fee with an additional 5% of the total loan (*not to exceed \$350.00*) if the loan goes to closing. Each of these two fees shall be made payable to the Mississippi River Regional Planning Commission.

FOR FURTHER INFORMATION PLEASE CONTACT:

Mississippi River Regional
Planning Commission
1707 Main Street, Suite 435
La Crosse, WI 54601
Telephone: 608-785-9396

Applications can be viewed and downloaded by clicking on the "Business Loans" tab on the MRRPC web site: mrrpc.com

CMV Growth Development Fund



A revolving loan fund providing affordable and flexible gap financing for businesses in Crawford, Monroe, and Vernon counties.