

FAQs

FREQUENTLY ASKED QUESTIONS ABOUT THE SAN JOAQUIN COUNTY REVOLVING LOAN FUND PROGRAM

- *How much can I borrow?* **The RLF has three distinct lending products that offer loans in amounts as low as \$5,000 with a maximum of \$1,000,000.** Larger loans are subject to more intense underwriting and processing time will likewise be longer.
- *What can RLF loans finance?* **Business Assets & Operations.** Inventory, Equipment, Tenant Improvements, Leasehold Improvements, Working Capital, Start-up Expenses, Building/Land Acquisition.
- *Is there an application fee?* **Yes.** Non-refundable application fees range from \$25-\$100. There are also loan application review fees and origination fees that must be paid. RLF staff will review its fee structure with potential applicants prior to accepting an application.
- *What is the interest rate on RLF loans?* **It depends upon the loan product utilized.** Typically, the interest rate on an RLF loan is 2-4% above the West Coast Prime Rate set at date of approval.
- *Does my business have to be in San Joaquin County to get an RLF loan?* **Yes.** Your principal place of business must be domiciled in San Joaquin County. The RLF cannot lend outside the county boundaries.
- *Will the RLF finance a start-up company?* **Yes.** This is one particular niche that the RLF fills in San Joaquin County. Start-up's must provide a detailed Business Plan including financial projections in order to be considered.
- *What factors does the RLF consider in making a loan decision?* **Five Major Factors** - Credit History, Collateral, Capacity (to make loan payment), Character, and Conditions (economy and industry).
- *How long does it take to get approved?* **It depends upon the loan amount and loan product.** Approval times range from 30-90 days, sometimes longer, for extremely large and complex loans. The applicant's active participation in the process tends to shorten review and approval times.
- *Who approves the RLF loan?* **Final approval is granted by the San Joaquin County Board of Supervisors.**

- *Do I have to have a minimum credit (FICO) score to apply?* **No.** There is no minimum credit score required, however; the RLF is bound to abide by Prudent Lending Practices as set forth by the United States Department of Commerce, Economic Development Administration (EDA). As a rule-of-thumb, an applicant(s) with a FICO score below 600 will need to provide a compelling argument for consideration.
- *I have heard that I must be denied by another lender before I can seek an RLF loan, is that true?* **Yes.** The RLF cannot compete with private financial institutions. Therefore, an applicant must first seek financing from a traditional source – bank, credit union, etc., and be denied. The RLF will require evidence of the credit denial before accepting an application.
- *I don't have bad credit, but I don't have a long history of debt repayment either, is there an opportunity for me to have a co-signer or provide some other evidence of surety?* **Yes.** The RLF will consider third-party guarantors who possess the desired resources, credit history, etc., that minimizes the risk of loss to the RLF.
- *I have had a repossession(s), collection account(s), late payment(s) that appear on my credit report. Does that mean I am ineligible to apply?* **No.** You may still apply but those credit challenges will likely affect your FICO score. Older derogatory credit items are given less weight in the application review process.
- *Does the RLF make unsecured loans – i.e. loans without collateral?* **No.** The RLF typically approves loans that have a 1:1 collateral coverage ratio. That means that the value of the collateral is not less than the loan amount.
- *How does the RLF value collateral?* **It depends upon the type of collateral.** Real estate is either valued by an appraisal or similar approach, while equipment, inventory, and accounts receivable are based upon actual book values set forth in the applicant's financial statements, or if to be purchased based on purchase price (invoices, Purchase Orders, estimates, etc.).
- *Can I borrow up to the estimated value of my collateral?* **No.** The RLF discounts the value of collateral pledged by up to 50% depending upon the asset. For example, equipment is discounted 50%, while the lendable value of real estate is 80% since it is typically more marketable.
- *Does the RLF finance 100% of an applicant's project?* **No.** The RLF's Administrative Plan requires a 15% cash contribution by the applicant/borrower to the total project budget. For example, a \$100,000 financing need would necessitate the applicant/borrower contributing \$15,000, resulting in a RLF loan of \$85,000.

- *I already have a mortgage on my home. Will the RLF take a junior position on my residence?* **Yes.** The RLF will consider taking a subordinate position in real estate so long as there is adequate equity to support the loan request.
- *How long do I have to repay the loan?* **The repayment term depends upon what is being financed.** Lines of credit can be as short as two (2) years, equipment financing can range from 5-10 years, while real estate/building acquisition repayment can span 15 years. If more than one asset class is being financed a blended term will be offered.
- *Can I pay off my RLF loan early?* **Yes.** You may pay off your loan at any time without pre-payment penalty.
- *Are there any types of requests that the RLF will not entertain?* **Yes.** The RLF cannot financing any project that violates federal laws (cannabis), or is contrary to federal, state, local laws and regulations which are set forth in the RLF's Administrative Plan. The RLF cannot finance projects/companies relocating from one labor market area to another.
- *Are there any unique requirements of the RLF that must be met?* **Yes.** Applicants must show that they will create at least one (1) new job, or in case of potential business closure retain one (1) job for each \$75,000 of RLF financing.
- *Are there any free resources available to help me prepare a loan application or a business plan?* **Yes.** The Delta College Small Business Development Center (209-954-5089) provides free business plan counseling. There are also a host of other entrepreneurial resources in the greater San Joaquin County area.
- *Who do I contact to get an application?* **You may phone the RLF at 209-468-3529 or email kpoole@sjcworknet.org**