

Loaning Funds for Small Business Growth in Appalachian Ohio

Appalachian Growth Capital

Funding growth can be a challenge for small businesses but AGC knows that supporting small business success creates jobs and strengthens communities by growing the local economy.

CDFIs are 28 percent more likely to approve loans to small companies than small banks and 71 percent more likely than large banks.

Appalachian Growth Capital

Appalachian Growth Capital (AGC) is a Community Development Financial Institution (CDFI), a special type of lending institution designed to support small businesses.* AGC is an alternate funding source for small business projects in Ohio's Appalachian-designated counties.

Working with banks, local loan funds and small business service providers, AGC will service the

credit needs of the region's small to mid-sized businesses, filling the funding gap between a company's needs and what bank loans can provide.

Services are targeted to the businesses in Ohio's 32 Appalachian-designated counties.

AGC was created by the Appalachian Partnership, Inc. to work with the Appalachian Partnership for Economic Growth to grow the economy of the region.



*As required by U.S. Treasury regulations, AGC will start as a loan fund and then apply for CDFI status.

Meeting a Need

While some CDFIs claim to serve the region, they have no sales presence in the region and therefore make virtually no loans in Appalachian Ohio.

Access to credit is one of the top issues that prevent small business startups and slow small company growth. According to a 2016 Federal Reserve study:

- 24 percent of all firms are turned down when they apply for credit.
- 60 percent of all firms approved for a loan receive less than their full request.
- Small firms are much more likely to be denied credit or receive less than requested.
- 59 percent of firms not receiving business loans turn to owners' personal credit cards.
- 26 percent of small firms turn to expensive online lenders to meet their credit needs.



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How to Get an AGC Loan

Loan Eligibility

AGC funds are available to new or expanding businesses. They can help small businesses that have a hard time qualifying for conventional bank financing due to insufficient credit history, collateral loan-to-value issues, business experience or financial ratio issues.

- New Businesses and Expanding Businesses
- Purchase of Equipment, Machinery or Inventory
- Commercial Real Estate purchase
- Infrastructure Investment
- Start-up Operating costs and Working Capital
- Purchase of an existing Business
- Leasehold Improvements

The AGC will not fund restaurants or businesses serving alcohol or federally prohibited industries.

Loans and Terms

AGC's has flexibility of setting terms with longer amortization than most banks can offer, which lowers monthly loan payments and improving a company's cash flow.

- Loans of \$25,000 to \$100,000 are available.
- Terms are very flexible and depend on the type of loan.
- Interest Rates and Fees are subject to current market conditions.
- Lines of credit up to \$100,000 are available with monthly interest only payments.

Application Requirements

The following information is needed for loan application. Documents must show the applicant's ability to repay the loan.

New Businesses

- Acceptable Business Plan
- Two years of Cash Flow projections
- Projected Profit and Loss Forecast Two Years
- Personal Financial Statement
- Two Years Personal Tax Returns
- \$250 loan application

Existing Businesses

- Minimum two years of actual financials (Company Prepared and Tax Returns)
- Projected profit and loss statement (If the company has)
- Current Debt Service Schedule
- Accounts Payable and Accounts Receivable Aging Reports
- \$250 loan application

Resources are available for businesses that need help completing a business plan and financials.



Find information about Appalachian Growth Capital at appcap.org