

Top of Alabama Regional Council of Governments (TARCOG) Revolving Loan Fund

Established by a local initiative in 1968, the Top of Alabama Regional Council of Governments (TARCOG) aims to identify and address common regional issues, opportunities, and challenges of northeast Alabama's municipalities and counties. Local governments recognized that in order to address issues and concerns facing the region adequately and comprehensively, they must work together in a collaborative manner.

A year after TARCOG was established, the Alabama legislature approved the creation of regional development commissions and TARCOG was designated as Substate Planning District twelve. TARCOG later was designated as the region's Area Agency on Aging. TARCOG brings together municipal, county, and state governments, and federal agencies to work as a single team that is focused solely on improving the region.

The governments of five northeast Alabama counties, DeKalb, Jackson, Limestone, Madison, and Marshall, and the municipalities located in those counties make up TARCOG. The council's membership is made up of representatives from the counties and municipalities. The representatives are primarily elected officials, but approximately 30% are private citizens or community leaders. These members insure representation for minority groups, businesses, and private interests. Thirty members are selected to serve as the Board of Directors. The Board is represented by an executive committee composed of a president, vice-president, secretary, treasurer, and the immediate past president; the members elect these positions.

The Board employs an executive director and a staff of approximately 40. An additional 106 senior workers are assigned to member governments and not-for-profit organizations throughout the five county region.

Contributions from local governments help fund TARCOG. The Council uses those contributions to secure federal and state assistance. Primary federal funding comes from the Appalachian Regional Commission (ARC) and Economic Development Administration (EDA). Additional funding comes from the Alabama Department of Economic and Community Affairs (ADECA) and Alabama Department of Senior Services (ADSS). On average, TARCOG obtains more than \$20 in federal and state grants and loans for the region for every \$1 contributed by the member governments.

TARCOG helps local governments improve the quality of life for the region's more than 550,000 residents. The Council does this by obtaining funding for local government assistance, coordinating local governments' responses to regional issues, and providing a wide range of services to the region's governments and residents. TARCOG helps member governments work together to address issues best solved cooperatively, rather than independently. TARCOG also provides services and technical assistance to different communities that are unable to provide their own personnel due to funding issues. The services are in three program areas: Aging, Economic Development, and Planning.

REVOLVING LOAN FUND

Low Interest Financing

TARCOG, through its Revolving Loan Fund Program (RLF), offers attractive low interest financing to businesses and industries in the five-county region (DeKalb, Jackson, Limestone, Madison, and Marshall). If you are interested in beginning or expanding a business, TARCOG has a variety of financing options for you.

Program Objective

The major purpose of the loan program is to support businesses for capital development projects that will create or save jobs.

Eligible Uses

Loans may be used to finance land and building costs, machinery and equipment purchases and working capital needs. Loans may not be used to refinance existing debts or finance the total project.

Collateralization

Loans are to be secured by lien positions on collateral at the highest level of priority which can accommodate the borrower's ability to raise sufficient debt and equity capital. Loans are also secured by personal and corporate guarantees.

Application Requirements

- Private lender participation
- Professionally prepared financial statements
- Commitment letters from all other sources of funding
- Sufficient cash flow to service debt
- Creation of one new full-time job for every \$20,000 committed for manufacturing/industrial loans; or one new full-time job for every \$7,500 committed for commercial/retail loans.

Fees and Other Costs

There is a non-refundable processing fee of \$200 which must be submitted with the application. If the loan is approved, the 4200 will be applied to the application fee. The application fee is 2% of the amount of the loan, with a minimum of \$1500, and a maximum of \$2500. The borrower is also responsible for all closing and other necessary fees associated with the loan.

The limit on loans made through the RLF is 50% of the total project cost or \$125,000, whichever is the lesser of the two. The maximum amount which may be loaned for working capital is \$30,000. At least 25% of the match must be private sector funds.

Terms:

10 years – Land and Building
5-7 years – Machinery and Equipment
3 years – Working Capital;

Rates:

At or below the prime rate.

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