



GREENLINE SMALL BUSINESS CAPITAL FUND

OVERVIEW

The Small Business Capital Fund (SBCF) is a \$20 million loan fund managed by Greenline Ventures that provides attractive loans at *favorable* or *better-than-market* rates to underserved small businesses (SMBs) throughout the US. The SBCF leverages new markets tax credits (NMTC) with mission-driven capital to provide small businesses with financing that is flexible and patient as it relates to collateral, security requirements, amortization, recourse, covenants and interest rates/fees.

ELIGIBLE SBCF BORROWERS

All borrowers must be located in a low-income census tract, defined as having income of 80% or less of Area Median Income or a poverty rate greater than 20%. As background, roughly 40% of the census tracts in the US are considered eligible for NMTC financing. Location eligibility can be checked by using the following link: [Location Eligibility](#)

LOAN AMOUNTS

\$250,000 to \$2,000,000

LOAN TERMS

12 months to 7 years, depending on borrower needs, risk profile, and term of senior financing

INTEREST RATES / AMORTIZATION

The SBCF loans will be priced well below conventional market rates for the corresponding risk profile. Interest rates will vary between **8% and 12%**, based on collateral/security, credit and financial strength of borrower, loan term, etc. Loans are **interest only during the loan term** and not subject to amortization.

In addition to meeting the location criteria, an SBCF borrower will:

- Have a strong and capable management team
- Create and/or retain jobs
- Have positive revenue and preferably positive EBITDA

The following characteristics will be beneficial (but not mandatory) in the loan application process:

- Minority or women ownership
- Environmental benefits
- Meaningful employee benefits (Health Insurance, 401(k), Employee Ownership, etc.)
- Employee training programs (especially for advancement from unskilled to skilled positions)
- Local community hiring preferences
- Other factors that have a demonstrable and positive economic and social impact in their communities

LOAN PURPOSES / TYPES

SBCF loans can be used for a variety of purposes, including:

- working capital
- business growth/expansion
- business acquisition
- refinancing higher interest-rate debt
- equipment financing, etc.
- subordinate debt behind SBA or USDA loans

Loans may be secured or unsecured, depending on the financial characteristics of the business and its sponsors, and are intended to provide maximum flexibility to the business for growth and capital needs. Loans may be subordinate to existing or future senior, market-rate financing and will have favorable inter-creditor agreements with flexible default provisions and remedies. There are **no fees charged on the loan (origination, exit, etc.)** and typically no warrant coverage or similar equity participation.

For more information, please contact Fred Koch – fred.koch@greenlineventures.com – 303 586 8002



Greenline Small Business Capital Fund Business Qualification Guideline

Once the street address for a business has been confirmed as being located in a qualifying low-income census tract (LIC), there are a few other attributes listed below to help guide potential borrowers in qualifying for the Small Business Capital Fund (SBCF).

One of the key requirements has to do with the business and its activities. In general, for a business to qualify for the SBCF, **at least 60% of the business's assets must be located in qualifying LICs (either at the business's qualifying headquarters or other qualifying LICs) and at least 60% of the services performed by the business's employees must be done within qualifying LICs (likely performed at the qualifying headquarters but perhaps other qualifying locations).**

Examples of qualifying businesses:

- Manufacturing businesses (food, textile, apparel, wood, plastics/rubber, chemical, metals, machinery, furniture, etc.)
- Warehouse / storage businesses
- Retail and wholesale trade businesses, Healthcare businesses (skilled nursing/memory care, hospice/rehab /mental health/community health, etc.)
- Owner-occupied real estate
- Education services (for-profit schools, tutoring/training centers, recreational training, etc.)

Examples of businesses that generally don't qualify:

- Service businesses, where services are performed away from the qualifying business address, such as trucking, HVAC business, plumbing companies, construction companies, delivery businesses, security businesses
- Finance companies
- Software companies
- Farming (although value-added agricultural deals may qualify)
- Sin Businesses (e.g., alcohol-related, guns, gambling, sex trade, marijuana)

Please contact Fred Koch or Andy Walvoord at Greenline Ventures if you have any questions regarding your business and its qualification status.

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