



# Growth Capital for Appalachian Ohio

## Ohio's Newest CDFI

**Appalachian Growth Capital (AGC) is a Community Development Financial Institution (CDFI), a special type of lending institution designed to support small businesses.\* AGC will work with banks and revolving loan funds as an additional or alternate funding source for small business projects in Ohio's Appalachian-designated counties.**

Certified by the U.S. Treasury, CDFIs help make credit available in underserved markets. They work with banks and other lenders by expanding credit access to businesses whose needs cannot be wholly financed through commercial lending.

### Our Services

AGC will partner with banks, local loan funds and small business service providers to meet the credit needs of the region's small to mid-sized businesses. Initially it will focus on loans that lower the down-payment needed for companies to purchase fixed assets like equipment or facilities. AGC will also make loans to creditworthy companies that cannot qualify for bank loans due to regulatory barriers. Over time, AGC plans to develop loan products to help small companies meet their working capital needs.

### Funding for AGC

Recognizing the need in this underserved area, the Appalachian Regional Commission granted seed capital to help start the growth fund. Additional funds may include the CDFI fund at the U.S. Treasury or other federal agencies whose grants provide capital to CDFIs. Some federal programs allow underutilized local loan funds that they capitalized to be transferred to CDFIs.

Commercial banks receive Community Reinvestment Act (CRA) credit from the U.S. Treasury for supporting CDFIs. Foundations and corporations also support CDFIs helping to improve the economies of struggling communities and regions.

AGC will operate in close collaboration with revolving loan funds at OMEGA and OVRDC, local development districts serving Appalachian Ohio.

### Meeting a Need

While some CDFIs claim to serve the region, they have no regional sales presence and make virtually no loans in Appalachian Ohio. Ohio is the only state with Appalachian counties that does not have an active Appalachian-focused CDFI.

Numerous studies show that access to credit is one of the top issues that prevent small business startups and impede 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.

**The good news is CDFIs are 28 percent more likely to approve loans to small companies than small banks and 71 percent more likely than large banks.**

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



Brad Blair, Executive Vice President - Appalachian Growth Capital  
[bblair@apeg.com](mailto:bblair@apeg.com)  
Office: 740.753.5359 | Cell: 740.391.3518



[www.appcap.org](http://www.appcap.org)

## Benefits from AGC

Supporting business growth creates jobs, strengthens communities and expands the region's economy.

- Businesses grow faster when a CDFI helps them obtain the credit they need or steers them to services that help them overcome their business challenges.
- Banks benefit because a CDFI helps them satisfy and retain customers and also helps them meet their federal Community Reinvestment Act requirements.
- Local loan funds benefit because a CDFI helps identify more projects to use their funds. A CDFI may also help reduce the administrative costs for their loan programs.
- Other regional CDFIs and those who make sector-specific loans can partner in loan funding.
- Communities benefit when CDFIs help drive more growth, jobs and tax revenues.

## AGC Loans and Terms

- Initially the largest loan will be \$100,000. This amount will increase over time as its loan fund grows.
- Credit needs up to \$1,000,000 can be met through partnerships with banks, local loan funds and other CDFIs.
- As a CDFI, AGC's terms are VERY flexible and depend on the transaction being financed.
- Interest rates and fees are subject to current market conditions and are usually slightly higher than participating banks so that CDFI loan funds do not replace bank financing.
- AGC can offer a longer amortization than most bank loans, lowering loan payments and improving company cash flow.



### Brad Blair

Executive Vice President  
Appalachian Growth Capital  
[bblair@apeg.com](mailto:bblair@apeg.com)  
Office: 740.753.5359  
Cell: 740.391.3518

Find information about Appalachian Growth Capital at [appcap.org](http://appcap.org)

Appalachian Growth Capital and the Appalachian Partnership for Economic Growth are committed to supporting economic development in Appalachian Ohio. They are subsidiaries of the Appalachian Partnership, Inc.

