



Minority Business Development Loan Fund

Empowering all businesses

Great ideas aren't the property of a few. Great minds aren't limited by physical characteristics. TVA is dedicated to ensuring that all businesses have access to the resources they need to turn dreams into reality.

"The Minority Business Development Loan Fund afforded me the financial resources I needed to acquire my company."

**Douglas C. Venable
President,
Porter-Walker LLC**

TVA's Minority Business Development Loan Fund is a revolving loan fund established to support the start-up, growth, and expansion efforts of minority and other socially and economically disadvantaged business owners in the Valley. The program is designed to stimulate capital investment, encourage job creation, build entrepreneurial capacity, and create wealth to advance the economic well-being of the growing minority business sector.

Eligibility

TVA funds must be used by companies engaged in the production and/or sale of goods and services within the Valley. Firms must demonstrate at least 51 percent ownership and control by one or more "qualified members" of a socially or economically disadvantaged group. All firms must demonstrate economic disadvantage; the qualified member generally has a net worth of less than \$250,000. With respect to social disadvantage, a person may be presumed to qualify if the individual is Black, Hispanic, Native American, Asian Pacific, or Subcontinent Asian American. Others may qualify by showing actual disadvantage as a result of negative experience in business (such as a distinguishable feature like sex, isolated geographic location, disability, etc.). "Socially and economically disadvantaged" has the meanings described in the Small Business Act (15 USC Section 637a). A strong management team with proven experience is preferred.

Project Criteria

Financing Structure: TVA promotes structures that enhance a firm's future access to traditional sources of capital. TVA directly, or through cooperating lending partners, makes loans or other financial arrangements to foster minority economic growth. The fund utilizes flexible financing structures such as direct loans, companion loans, guarantees, and/or participatory loans.



Use of Proceeds: TVA funds may be used for equity, debt financing, or other financial arrangements as TVA may deem appropriate. Direct loans are made for fixed assets such as property, buildings, and equipment. Other types of financing arrangements, including working capital, contract financing, loan guarantees, and participatory loans, are made through partnership agreements with lending partners.

Terms of Loans: Loans typically range from \$50,000 up to \$500,000. They are generally awarded for a period of three to 10 years—from five to seven years for equipment and eight to 10 years for real property. Repayment schedules are determined on a project-by-project basis. Loans are typically offered at below-market rates, with specific rates determined on a case-by-case basis after consideration of the loan evaluation criteria.

Leveraging: Each TVA dollar invested leverages additional funding from other sources. Generally, a minimum of one job is created or retained for every \$20,000 invested by TVA.

Collateral: All loans should be secured with fixed assets and may be subordinated. Personal or corporate guarantees may be required.

Evaluation: Loans are evaluated based on a project's financial viability, management quality, community impact, jobs created, and funds leveraged.

Procedures: Loan requests are submitted through the nearest TVA Economic Development regional office. Once the regional office completes an initial assessment, the loan request is reviewed by the TVA Economic Development Loan Review Team. The regional office provides notification of loan decisions.

Contact Information

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