

LOAN PRODUCT: LINES OF CREDIT TO EMPLOYMENT SOCIAL ENTERPRISES



REDF
An investment that works.

REDF impact
Investing Fund



Formed by REDF in response to the demand for flexible capital, REDF Impact Investing Fund's (RIIF) mission as a nonprofit is to provide financing paired with technical assistance to nonprofit and for-profit employment social enterprises to strengthen their financial sustainability and grow their businesses so they can employ and empower more individuals striving to chart a new course in life.

PRODUCT OVERVIEW

A line of credit is a useful financing tool for businesses that experience cash flow timing challenges while they balance awaiting payment on government or contract receivables with making timely payments on operating expenses such as payroll.

TYPICAL TERMS

Loan size: \$100k - \$1 million; smaller or larger requests are reviewed on a case-by-case basis

Term: 12 months with potential for renewal

Origination fee: 1.25-1.50%

15-day zero balance "clean up" period during term is required

Up to once a month draws: draws determined by a borrowing base of eligible receivables

Collateral: Lien on business assets

LINE OF CREDIT UNDERWRITING REQUIREMENTS

12-month cash flow projections required, including anticipated draw and pay down schedule

A/R aging reports

Due diligence on contracting, billing, and collections processes and time frames

Key contract reviews

To see Impact Lending Eligibility Criteria [click here](#)

BORROWER SPOTLIGHT



Weld Seattle is a lived experience-led non-profit that provides formerly incarcerated individuals with housing, employment opportunities, and resources conducive to recovering from substance abuse addiction and successful reintegration back into society.

A \$200k line of credit from RIIF is allowing Weld Works, its social enterprise business line, to bridge receivables to fund weekly payroll expenses without dipping into its reserves while awaiting its contract receivables to be paid.

The RIIF financing will enable the borrower to make 200 temporary placements over the loan term, 90% of which turn into full time jobs in the construction industry.