

**NORTH DAKOTA  
VOCATIONAL REHABILITATION**

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**POLICY ON REVOLVING LOAN FUND FOR CLIENTS WHOSE EMPLOYMENT  
GOAL IS SELF-EMPLOYMENT.**

**AUTHORIZATION:** Title I Sections 120-123 of the Rehabilitation Act, as amended, and North Dakota Vocational Rehabilitation's Strategic Plan.

**PURPOSE:** To provide access to a revolving loan fund for individuals with disabilities that will lead to self-employment.

**ADMINISTRATION:** The revolving loan fund will be administered by the Lewis and Clark Regional Development Council (L&CRDC) through a contract, cooperative agreement or other appropriate method.

**CONDITIONS:** Only individuals who are eligible for and receiving Vocational Rehabilitation services may apply for loan funds under this policy. Application for the funds is an available option, not a requirement.

**PROCEDURES:** The following steps should be taken to apply for revolving loan funds:

1. The counselor and individual determine the viability of the self-employment goal based on the results of the *Business Assessment Scale*, which is licensed to ND Vocational Rehabilitation through Goodman Herzog & Associates.
2. The individual develops a Business Plan, Marketing Plan and strategies to obtain financing. A business plan format is included as Attachment A.
3. The individual completes the Revolving Loan Fund Pre-Application and all additional documentation, as requested. A Pre-Application is included as Attachment B.
4. The Pre-Application is submitted to vocational rehabilitation central office to review for completeness and to forward to the Revolving Loan Fund (RLF) Manager at L&CRDC.
5. Vocational Rehabilitation central office notifies the Counselor of the L&CRDC RLF Committee's decision on the loan.

## **REVOLVING LOAN FUND TERMS:**

1. The Loan Fund requires a minimum participation by the individual of 10% in cash of the requested loan amount.
2. The maximum loan shall not exceed \$5,000.
3. Adequate collateral will be required of the loan recipient.
4. Revolving loan funds can be used for: working capital, inventory, equipment and acquisition/construction.
5. Individuals have the option to defer the principal payment on the loan for a period not to exceed 12 months, if approved by the RLF Board.
6. The interest rate will be set by the RLF Board. A minimum interest rate allowed will be four percent (4%). The maximum interest rate will not exceed two percent (2%) over prime.
7. Maximum loan length will be five (5) years.

## **ROLES and RESPONSIBILITIES**

This section identifies the roles and responsibilities of the vocational rehabilitation central office staff person assigned to the revolving loan fund, the regional vocational rehabilitation staff and the vocational rehabilitation client.

### **Central Office Staff:**

A central office staff person is assigned as the contact for the revolving loan fund. Central office responsibilities include the following:

1. Develop an agreement with the L&CRDC to administer the revolving loan fund.
2. Provide training to the L&CRDC on Vocational Rehabilitation's mission, purpose, philosophy and expectations.
3. Provide and/or arrange training for the regional vocational rehabilitation staff on self-employment, use of the *Business Assessment Scale* and other areas, as requested.

4. Provide assistance to the regional vocational rehabilitation staff regarding the administration of the assessment tool and the evaluation of the results, as requested.
5. Provide assistance in preparing the business plan, marketing plan, financial plan, loan applications and other business related documents, as requested.
6. Provide assistance in identifying and obtaining other services and resources to assist the client in becoming self-employed, as requested.
7. Provide other technical assistance throughout the process of developing the business, as requested.
8. Submit the loan Pre-Application to the RLF Manager at L&CRDC.
9. Provide follow-up on a monthly or quarterly basis for one year.

**Regional Office Staff:**

The regional Vocational Rehabilitation administrator will provide consultation and assistance as necessary to the Vocational Rehabilitation counselor. The counselors responsibilities include the following:

1. Use the *Business Assessment Scale* to help the client determine if self-employment appears to be a viable employment goal.
2. With the client, amend the Individualized Plan for Employment (IPE) as necessary, in order to address any training or service needs identified through the *Business Assessment Scale*.
3. Assist the client to locate and use state and community resources such as the Small Business Administration, SCORE, economic development groups, the Interagency Project for Assistive Technology (IPAT) and vocational rehabilitation central office, to develop the Business Plan, Marketing Plan, strategies to obtain financing and any other necessary documents.
4. Forward the Revolving Loan Fund Pre-Application and required attachments to the vocational rehabilitation central office.

## **Vocational Rehabilitation Client:**

The responsibilities of the Vocational Rehabilitation client are as follows:

1. Complete the *Business Assessment Scale* to help determine if self-employment is a viable employment goal.
2. With the counselor, identify in the IPE any training or service needs identified through the assessment scale.
3. Develop a Business Plan, Marketing Plan and other related documents necessary to become self-employed.

*Several steps can be taken to assist in developing the various plans including the following:*

- a. Visit the regional small business council to gather as much information as possible on developing a small business.
  - b. Visit 2 or more existing businesses in your area of interest to discuss your business concepts.
  - c. Speak with bankers, accountants and lawyers, as well as other like-minded entrepreneurs about your business concept.
  - d. Look for significant resources in the community and elsewhere that will assist you and further your knowledge about your business.
  - e. Seek a mentor who has business experience and would be willing to help you get your business established.
  - f. Draft your plans, with the assistance of the counselor, and present them for review to the people you contacted earlier.
  - h. If applying for loans or grants other than the revolving loan fund, submit the applications as soon as possible.
4. Finalize the plans and complete the revolving loan fund Pre-Application. The counselor and other Vocational Rehabilitation staff are available to provide assistance.
  5. Provide evidence of the 10% equity of the requested loan amount, as required in the Pre-Application.
  6. Insure that the proper resources and cash flow are available for the on-going operation of the business.