



District Commons

Revolving Loan Fund Guide

What is the Revolving Loan Fund?

Overview

The District Commons Revolving Loan Fund (RLF) provides low interest loans for start-up costs for new communal spaces and projects, as well as mentorship and advice on operations and financial systems.

Financial insecurity and scarcity are one of the major threats to community-run spaces and projects. The RLF seeks to address this vulnerability by providing start-up funds, guidance on viable financial models, and mentorship at the start of new communal spaces and projects. We believe that empowering communities with financial modeling and capital creates more strengthens their emancipatory power and creates more possibilities for us all.

The RLF exists to grow the ecosystem of thriving self-governed and financially self-sustaining spaces around the world, especially in areas under-served by community-driven and self-managed projects, and to create access to funds for those who are historically excluded from access to traditional forms of wealth.

Goals

It is our hope that the funded spaces and projects will provide opportunities for skill development, experimentality in collaborative governance and finance, and in general, increase the number of thriving, community-driven projects around the world.

Additionally, the RLF provides funds to those who would typically not otherwise qualify for bank loans or be able to access funds through generational wealth or proximity to wealth.

2024 Grant Cycle Information

Timeline

The 2024 Call for Applications will run from October 1st-October 15th 2024. Applicants must fill out the [application](#) by midnight on October 22nd 2024 to be considered. This application form is then reviewed, and we hope to have acceptance and rejections delivered by October 30th 2024.

For those accepted, this begins the process of creating a specific loan for the space or project. Each Revolving Loan Fund loan is bespoke and specific to the project or space applying. Depending on response times, this process can take weeks or even months, and thus should be planned for in advance.

Eligibility

To be eligible for a loan from the Revolving Loan Fund, Projects and spaces must be able to demonstrate alignment with the mission of District Commons: Amplifying the emancipatory power of communities to create collective possibilities. Projects must also fit the Revolving loan fund basic goal which is to fund new community spaces, specifically for those who are not able to access traditional methods of funding.

Selection Criteria

Alignment with District Commons mission and expertise and the goal of the Revolving loan fund, consideration of repayment of funds, and the overall portfolio of the Revolving Loan Fund at time of application.

Evaluation Process

Eligible applications to the fund will be reviewed by District Commons board and staff for compliance issues, then the selection committee will evaluate applications based on selection criteria. Additionally the committee will evaluate applications in relation to the overall cohort of that year's cycle, to ensure that a diversity of projects are funded each cycle. The selection committee will also conduct and evaluate all proper due diligence.

Next Steps For Accepted Applications

Once accepted, prospective loan recipients will begin work with District Commons Revolving Loan Fund stewards to discuss loan terms, shared agreements, and reporting requirements. Once these have been agreed upon and all paperwork has been completed, then funds transfers can begin. Each loan is totally customized to the needs of the project or space and the capacity of the Revolving

Loan Fund and District Commons community at the time. If approved, loan terms and amounts will be based on discussions between applicant and District Commons, including, but not limited to, available funds, organizational capacity, project timelines, and logistical factors. Below are some potential terms, agreements, and reporting requirements to provide examples of what applicants might expect as they craft their relationship with District Commons and the Revolving Loan Fund.

Example Loan Terms

- 2% interest rate for projects, subject to location- and project-appropriate adjustments (for example if the prevailing interest rate is much lower). However, the goal is for the fund to minimally sustain itself given inflation.
- Baseline repayment period of 5 years, can be shorter or longer depending on the scale of the project.
- Initial deferral of interest and payments for 1 year
- Projects to make loan payments on a monthly basis

Example Shared Agreements

- Commitment to be intentional and adaptive
- Commitment to use funds only for charitable purposes
- Commitment to accessible but thorough reporting
- The project not change locations without discussion
- The project not change substantially in nature without discussion
- Open communication between District Commons and the project

Example Reporting Requirements

- Monthly informal reporting
- Balance sheets
- Invoices and receipts
- Yearly statements about use of funds matching project outline and mission

General Fund Management

Structurally, a revolving loan fund provides a bridge between donors that might want to support these types of spaces and projects, and the nitty-gritty of the projects themselves. District Commons provides management and oversight of the fund, mentorship, and alternative risk models for the loans. Donors receive a tax deduction, while loans repaid back to the fund via District Commons are recycled into future projects.

- Contributions to the Revolving Loan Fund are tax-deductible donations to District Commons 501(c)(3)
- A 10% fee on incoming donations goes towards District Commons for overhead of the fund:
 - Bookkeeping and administration of grant funds overall
 - Compliance management
 - Coordination of basic financial reporting
 - Documentation and sharing of learnings
- Some funds are earmarked for specific types of projects

