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## Leverage Fund

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Introduced in 1992, the Texas Leverage Fund (TLF) provides an additional source of financing to communities that have adopted an economic development sales tax. Communities may leverage future sales tax revenues to support job retention or creation.

### **Terms**

Available for interim, long-term or gap financing, TLF loans provide flexible financing terms to match the unique needs of communities, with maturities of up to 15 years available. Generally, EDCs are eligible to borrow four to five times annual sales tax revenues, up to \$5 million. TLF loans are low-cost, providing capital to communities at floating Prime Rate, as published in the *Wall Street Journal*.

Future sales tax revenues serve as collateral for loan repayment with required debt service coverage ratios specified in the Texas Leverage Fund Program Guidelines. Pledged tax collections not needed for actual debt service are available for other projects.