

REDEC/RRC
8 Denison Parkway, East
3rd Floor, Suite 403
Corning, NY 14830

PHONE: 607-962-3021
FAX: 607-936-8081
EMAIL: redec@stny.rr.com
WEBSITE: www.redec.us

SBA MICRO-LOAN PROGRAM

Loan Policies and Eligibility Criteria

The REDEC Relending Corporation Micro-Loan Program is intended to provide low cost loans to eligible businesses located in Chemung, Schuyler and Steuben Counties.

- 1. Eligible Applicants:** Eligible businesses shall include small manufacturers, tourism-based businesses and other industries in Chemung, Schuyler and Steuben Counties which tend to import dollars into the region by selling goods and/or services to outside concerns. Eligible applicants must meet size eligibility standards established by SBA.
- 2. Ineligible Applicants:** Officers, Board Members, Staff or Blood Relatives of any of the above representing REDEC or RRC for a period of one year after leaving REDEC/RRC. Any non-profit entity, with the exception of non-profit childcare centers.
- 3. Eligible Projects:** Loan proceeds can be utilized for projects that result in small business start-up or expansion, redevelopment of vacant businesses, business and job retention, modernization or rehabilitation of existing industrial and manufacturing facilities and utilization of new technologies.
- 4. Eligible Activities:** Acquisition of machinery and/or equipment, inventory, supplies, furniture, fixtures and working capital.

- 5. Ineligible Activities:** Down payment for the purchase of real estate, or to purchase real estate. Speculative activities; purchase or finance equity in private business; debt consolidation or refinancing; relocation out of the 3-county region
- 6. Maximum/Minimum Loan Size:** \$50,000 maximum based on availability of funds. \$1,000 minimum.
- 7. Matching Private Investment Required:** If the total project cost is greater than \$50,000, at least 67% of the total project cost must be otherwise provided by the applicant and the total maximum financing package may not exceed \$150,000. All applicants must demonstrate a minimum of 5% equity into the project.
- 8. Credit Elsewhere:** For loans over \$20,000, the borrower must demonstrate that it is unable to obtain credit elsewhere at comparable interest rates.
- 9. Interest Rate:** Interest rate will be determined at loan approval, and the rate will be based on prime. The interest rate will be fixed for the term of the loan.
- 10. Loan Terms:** The term of the loan will be based on the use of loan proceeds, but will not exceed six years.
- 11. Collateral:** All loans will be secured. The micro-loan fund may accept a subordinated collateral position. Personal guarantees will be required from any principal with 20% or more ownership.
- 12. Fees:** \$250 non-refundable loan application fee for loan requests over \$15,000. \$150 non-refundable loan application fee for loan requests \$15,000 and under. 2% loan service fee for loans over \$15,000. 1% loan service fee for loans \$15,000 and under. Borrower is responsible for closing costs.
- 12. Payment Schedule:** Loan payments due the first day of each month. Late fee assessed for any payments received after the 10th day of the month.

13. Code Compliance: Required.

14. Environmental Audit: All applicants must demonstrate compliance with local, state and federal environmental requirements.

All loans must comply with the requirements of Federal and State laws concerning civil rights, the environment, flood protection insurance and access for the physically handicapped.

RRC ensures confidentiality of all applicants and does not discriminate against any applicant because of race, color, religion, sex, or national origin.

REDEC/RRC is an equal opportunity provider, employer and lender.”

To file a complaint of discrimination, write U.S. Small Business Administration, Microenterprise Development Branch, 409 3rd Street SW, Washington, DC 20416. (202) 205-6485. www.sba.gov