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## ***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:** \$35,000 maximum based on availability of funds. \$1,000 minimum.
- 7. Matching Private Investment Required:** If the total project cost is greater than \$35,000, at least 67% of the total project cost must be otherwise provided by the applicant and the total maximum financing package may not exceed \$105,000. All applicants must demonstrate a minimum of 5% equity into the project.
- 8. 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.
- 9. Loan Terms:** The term of the loan will be based on the use of loan proceeds, but will not exceed six years.
- 10. 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.
- 11. Fees:** \$250 non-refundable loan application fee. 2% loan service fee. 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 10<sup>th</sup> 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 3<sup>rd</sup> Street SW, Washington, DC 20416. (202) 205-6485. [www.sba.gov](http://www.sba.gov)***