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### **SBA MICRO-LOAN PROGRAM** **Loan Policies and Eligibility Criteria**

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

- 1. Eligible Applicants:** Eligible businesses shall include small manufacturers, tourism-based Businesses and other industries in Chemung, Schuyler, Steuben and Tioga 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:** Loans proceeds can be utilized for projects that result in small business Start-up or expansions, 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 4 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, and the total Maximum financing package may not exceed \$150,000. All applicants Must demonstrate a minimum of 10% 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 application fee
- 1% Commitment Fee upon loan approval  
Applicant is responsible for all closing costs.
- 13. 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.
- 14. Code Compliance:** Required
- 15. 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)