

Regional Development Corporation Business Stimulus Loan Fund



In response to reduced credit availability in the market, the **Regional Development Corporation** is now offering Business Stimulus Loans. The RDC's Business Stimulus Loans are available directly from the RDC and do not require bank participation. These loans will be available until such time that additional bank financing becomes available again.

Eligibility

An eligible borrower must be a proprietorship, partnership or corporation that is recognized as operating in a targeted industry within the RDC Loan Administration Plan. Retail businesses are not eligible. The business must be located within Erie County. The borrower must have been turned down by a bank for additional financing or had their line of credit suspended. The borrower must have no more than 1 year of losses in the past 3 years.

Loan Structure

90% RDC Funding
10% owner equity contribution
100%

Loan Parameters

Loan minimum = \$25,000 with a maximum generally not to exceed \$300,000. Loan interest rates are at 4% fixed. Terms are typically between 5 – 7 years. Maximum term is 7 years.

Eligible Uses:

Loan proceeds can be used for

1. Permanent working capital
2. Acquisition of machinery and equipment

Note: Loan proceeds cannot be used to purchase or improve real estate or to repay existing debt.

Job Creation or Retention

Loan proceeds cannot exceed \$50,000 per job created or retained over a 3 year period

Restrictions

No expenditures or commitments for expenditures should be made prior to loan approval for the proposed project.

Application Procedures

RDC staff will meet with the applicant to determine if the project appears to be eligible. Applicants will be asked to complete an RDC loan application and to provide a bank declination letter. A review of business operations by an acceptable consultant as determined by the RDC may be required.

Loan Closing/Fees

The loan closing fee of one-half of one percent (0.5%) of the principal amount of the loan is required and payable by the company at the time of acceptance of the letter of commitment. Legal fees are additional. Legal fees are the responsibility of the company and will be deducted from the principal amount of the loan.