

RUSHFORD EDA BUSINESS SUBSIDY & REVOLVING LOAN PROGRAM

Commercial RLF Program

Eligible Borrowers: A for-profit or not-for-profit that wishes to fill or renovate a commercial space in Rushford that leads to economic benefits as determined by the EDA/City.

Participation:

- City/EDA loan up to \$50,000 not to exceed 40% of total project costs
- The remainder of sources must be obtained by the owner and lender
- City will take a subordinate position, if required
- Refinancing existing debt is an ineligible expense

Interest Rate: 2.5%

Terms of Loan: (some terms may be negotiable depending on the needs of the applicant)

- No payment due in the first year – interest is capitalized and added to the original loan prior to determining the amortization schedule for the length of the loan
- Length of loan: Building or Land acquisition 20 year; Building Renovation 15 years; Machinery/Equipment 7 years; Working Capital/Inventory 1-5 years
- Forgivable Loan Term: 10% of the original loan may be forgiven on each of years 6, 7, 8, 9, 10 up to a total of 50% of the loan; depending on applicants being in good standing on monthly loan payments, taxes, utilities and any other charges due to the City
- Loan must be repaid in the event that the property is sold or transferred, unless approval is received from the City/EDA for another entity to assume or transfer the loan

Program Requirements:

Must be provided prior to EDA consideration

- Narrative of the business and management experience
- Personal financial statements to include most recent tax return information
- Sources and uses of funds from applicant and lender
- Lender letter of preliminary approval explaining need for City/EDA funds

Must be provided at or before closing prior to disbursement

- Certificate of organization, if available
- Purchase agreement
- Agreements with City/EDA to include loan agreement, promissory note, borrower's affidavit, guarantee of payment and mortgage deed to be filed
- Insurance naming City as loss payee
- Payment for legal review and filing fees

Please reference the City/EDA Business Subsidy/Revolving Loan Fund Program Guidelines for more detail or to clarify other questions on terms or conditions. The EDA reserves the right to ask for additional financial information or details prior to making a decision on a loan request.