



## EDA Financial Resources

A variety of local, state, and federal financial resources are potentially available to business and industry projects involving expansion, new construction, and start-up. The Pine Island Economic Development Authority (EDA) is happy to assist with investigating which programs a project is eligible to apply for as you seek optimal financial packaging for your business project.

## Pine Island Revolving Loan Programs

The EDA administers in excess of \$775,000 in revolving loan funds which are intended to encourage, facilitate, and stimulate economic development projects in the City of Pine Island. The funds originated from a combination of local, state, and federal programs, and each have different requirements for eligibility. The chart on the next page provides a brief summary of 3 of the EDA's loan programs:

- **Microenterprise Development Loan Program**
- **Pine Island City-Wide Development Loan Program**
- **Pine Island Telephone Company Revolving Loan Program**

Generally, funds loaned through the EDA are provided as "gap financing", where conventional bank financing and owner equity are not able to provide all the funding needed. This typically occurs when the bank has lending limits they must adhere to, the owner(s) do not have adequate equity, the collateral is insufficient, or the business cannot afford market interest rates and/or term requirements.

EDA funds are meant to supplement private financing and are intended to assist, not compete with private lending agencies, in order that worthwhile business projects can be executed in Pine Island.

- **EDA Spruce-Up Loan Program**

The EDA offers a 4th funding option known as the Spruce-Up Program which is provided in cooperation with participating area lenders to offer a low interest loan opportunity for repair and renovation of commercial building and property exteriors. Loans in the amount of 5,000-\$30,000 will be made to eligible borrowers at 3.5% interest for 5 years term.

<b>EDA Loan Fund Guidelines</b>			
<b>Guidelines</b>	<b>PI City-Wide Development Loan</b>	<b>Microenterprise Development Loan</b>	<b>P I Telephone Co. Loan **</b>
<b>Loan Minimum</b>	\$5,000	\$1,000	\$10,000
<b>Loan Maximum</b>	<ul style="list-style-type: none"> <li>• \$75,000 - projects below \$300,000</li> <li>• 25% of total investment - projects over \$300,000</li> <li>• 90% of fund balance</li> <li>• Not to exceed 80% of assessed value</li> </ul>	<ul style="list-style-type: none"> <li>• \$25,000</li> <li>• Not to exceed 80% of assessed value</li> </ul>	100% of fund balance Up to 80% of a project
<b>Purpose</b>	• Gap financing	• Gap financing	++ See below
<b>Collateral &amp; Equity</b>	1:1 Collateral Ratio	1:1 - Loan funds to private funds & 1:1 collateral ratio	20% of total fixed asset cost
<b>Timeline Terms</b>	Under \$10,000 - Up to 5 yrs Over \$10,000 - Up to 10 yrs	Up to 10 yrs	Up to 10 yrs (up to 2 years deferred payments possible)
<b>Application Fee</b>	\$50	\$50	\$50
<b>Eligible Uses of Loan Proceeds</b>	<ul style="list-style-type: none"> <li>• Purchase of land, buildings, machinery, or equipment</li> <li>• Renovation of buildings, machinery, or equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase of land, buildings, machinery, equipment, or professional services</li> <li>• Renovation of buildings, machinery, or equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Economically feasible projects promoting rural economic development.</li> <li>• Purchase/improvement of land, new construction, renovation, equipment, working capital, inventory, or construction of public infrastructure.</li> </ul>
<b>Interest Rate* (fixed rate)</b>	4.5% to 2 pts over Prime	4.5% to 2 pts over Prime	Minimum - 1 % Maximum – Prime Rate
<b>Origination Fee</b>	Legal & Filing Fees 1.5% EDA Fee	Legal & Filing Fees 1.5% EDA Fee over \$5,000	
<b>Security &amp; Guarantees</b>	Applicant must be able to secure loan with 1 <sup>st</sup> or 2 <sup>nd</sup> mortgage or other collateral and personal guarantee(s) from company owners(s).	Applicant must be able to secure loan with 1st or 2nd mortgage or other collateral and personal guarantee(s) from company owners(s).	

\* Loan rate determined by Board of Directors. Higher risk loans may be fixed at a higher rate.

\*\* Refer to the document, Pine Island Telephone Company Revolving Loan Fund Plan, Date: September 29, 2009 for complete explanation.

++ It is the Intent that the funds will serve as seed money to generate economic development for rural communities. Bevcomm Telephone will work with local lenders, the PIEDA, and others to maximize the leverage of the fund so their use results in the maximum possible economic development. It is the intent to supplement, but not compete with, capital that may already exist within the community.

***“This institution is an equal opportunity provider”***