

Small Business Credit Solutions

To increase economic activity, we extend short- and long-term loans to small businesses for working capital, equipment and real estate (acquisition, construction, bridge or permanent mortgage, refinance). This includes short-term and permanent loans to new or expanding businesses that create living wage jobs.

Requirement for Community Needs Tracking

- Demonstrated need for job creation.
- Periodic reporting is required.

Project/Borrower Characteristics

- Borrower must be financially stable, capable of financially supporting existing or expanded operations and be experienced in, or have support for workforce development.

Other Conditions

- Borrower must be a legally organized entity.
- Borrower should demonstrate the financial resources and capacity to carry any projected short-term operating deficit. Borrower must be able to demonstrate and/or provide a minimum of two months interest/principal debt service reserve.
- Projects in communities with substantial unemployment are highly desired.
- Business plan must demonstrate current or elevated market demand supporting expansion need, from existing market data or current market study. Projections must demonstrate significant living wage job creation and existing or very near-term positive cash flow.
- Debt coverage ratio must be adequate to service the debt being extended and any other existing and potential sources of financing.
- Underwriting based on borrower's historical and projected financial condition and operations; alternate cash flow sources; potential for equity appreciation; industry experience; and the potential for equity contributions from State or Local Grant sources. General community support, impact and the economic contribution of the project to the community will be considered in underwriting.
- Generally, the operating company must occupy at least 51% of any real estate being financed.

Loan Amounts

Minimum: \$50,000
Maximum: \$10,000,000

Rate Structure

Based on current market conditions and risk analysis

Maturity Terms

Loans may be extended as short as 12 months on interest only basis (lines of credit) and monthly amortization schedules (term loans) up to 20 years, with a 5 year call provision

Collateral

1st or 2nd deed of trust and/or the assets being financed

Origination Fees

1 to 2% depending on transaction size and complexity

Late Payment Fees

5% to a maximum of \$250 after the 10th day

Prepayment Penalty

Depends on transaction size and funding source

Loan-to-Value Guidelines

Based on assets financed; up to 100% loan-to-value based on risk analysis, guarantor strength and overall collateral availability

Guarantees

Property owners, principals, partners or majority stockholders generally required; parent organization required, if applicable

Environmental Assessments

Phase 1 study required for real estate secured transactions; Phase 2 study may be required based on Phase 1 findings; remediation required

Acceptable Equity

Existing equity or enhanced real estate equity appreciation based on preliminary appraisal

