

Summary:

The SENDD IRP-RLF loan program is a useful financial tool for any entrepreneur looking to start a new business, or an existing small business owner looking to expand their operation. The loan proceeds can be used for a wide variety of business needs under flexible terms and conditions. The interest rates are very reasonable and all fees can be incorporated into the loan. This helps free up additional cash that can be used in the business - exactly where it is needed most. This program works well with a primary lender and can be a good fit to fill the “gap” between a proposed project and the internal lending limits of a regulated financial lender.

Please contact the SENDD IRP-RLF Program Manager if you would like more information on this loan program, or wish to receive a copy of the pre-application. The Southeast Nebraska Development District is an equal opportunity provider.

Sendd

SOUTHEAST NEBRASKA
DEVELOPMENT
DISTRICT

Program Manager:
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**Intermediary
Relending
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Revolving
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Sendd Intermediary Relending Program Revolving Loan Fund (IRP-RLF)

Purpose:

The purpose of the SENDD IRP-RLF is to increase economic activity, community development and employment opportunities in rural communities. This program achieves this purpose by providing loan financing to new and existing small businesses in SENDD's 15 county service/membership area.

Counties located within SENDD's service/membership area include Cass, Fillmore, Gage, Jefferson, Johnson, Nemaha, Otoe, Pawnee, Polk, Richardson, Saline, Saunders, Seward, Thayer and York Counties.

Eligible Businesses:

Most owner-user for profit businesses qualify for a SENDD IRP-RLF loan. Eligible entities may also include many types of public and private organizations. Ineligible businesses/organizations include but are not limited to the following:

1. Production agriculture (with some exceptions - tree farms, wineries, greenhouses, hydroponics, etc.)
2. Charitable or education institutions
3. Churches and affiliates
4. Fraternal organizations
5. Hotels and motels
6. Tourist homes
7. Convention, recreation or amusement centers
8. Casinos or other gambling establishments

Eligible Use of Funds:

1. Business acquisitions
2. Purchase and development of land
3. Purchase of equipment, machinery or inventory
4. Startup operating costs and working capital
5. Feasibility studies
6. Other miscellaneous uses (surveys, transportation services, pollution control and abatement, etc.)

Loan Terms:

1. Maximum loan amount is \$150,000, or no more than 75% of the total project whichever is less
2. Minimum loan amount is generally \$20,000 or less
3. Loan term will generally not exceed 15 years
4. Equity injection of 10% on expansion of an existing business, 20% on a start-up business
5. Interest rate is fixed for the entire term at 50% of the participating lender rate, with a floor of 3% and a ceiling of 6% - rates for projects where there is no participating lender will be established by SENDD
6. Borrower must demonstrate adequate cash flow, working capital and collateral
7. No prepayment penalties
8. Payments are usually made by automatic pre-authorized payment from bank account
9. Key person life insurance may be required
10. Personal guarantees will be required from principal owners with 20% or more ownership in business

Loan Fees:

1. Deposit Fee of up to \$1,500 (based on size and type of loan request) - this fee is collected when a pre-application to the SENDD IRP-RLF is submitted - this fee is reimbursed if application is withdrawn (less costs incurred prior to cancellation date) or denied by SENDD Loan Review Committee
2. 2% Loan Packaging Fee (of total loan balance)
3. 1% Loan Servicing Fee (of total loan balance incorporated into the monthly payment)
4. Loan closing costs (title insurance, appraisals, filing and recording fees, legal fees etc.)

Loan Fees (Continued):

5. All SENDD IRP-RLF loan fees can be financed with the loan - Deposit Fee can be applied to Loan Packaging Fee and/or closing costs at loan closing - if all fees are incorporated into the total SENDD IRP-RLF loan, the Deposit Fee will be reimbursed to the applicant

Financial Information Required:

1. Business plan
2. Summary and estimate of costs (source and use of funds)
3. Last three years balance sheets and profit and loss statements (existing business)
4. Current balance sheet
5. Personal financial statement of principal owners
6. Pro-forma cash flow for one year on an existing business, three years pro-forma balance sheets and pro-forma monthly cash flow for first year on start-up business

Additional Requirements:

1. The amount of the loan, together with other funds available, is adequate to assure project completion or achieve the purposes for which the loan is made
2. Project must be located in a community with a population of less than 25,000
3. 51% of the ownership in the business must be a citizen of the United States or reside in the U.S. after being legally admitted for permanent residence
4. Normally, one job created or retained for every \$35,000 of SENDD IRP-RLF financing
5. Applicants are encouraged to obtain a portion of the needed project financing from a regulated financial lender