

USDA INTERMEDIARY RELENDING PROGRAM (IRP)

Loans from the IRP are available to for-profit businesses located in, or locating to, Herkimer County that agree to create or retain employment opportunities. Manufacturing sector employment will be strongly encouraged, but not at the expense of significant or highly desirable employment opportunities in other sectors of the economy. Rural Economic and Community Development Service eligibility requirements will be adhered to.

Loan Amounts: \$10,000 to \$150,000. Maximums IRP participation is up to 50% of total project cost. Minimum borrower equity of 10% is required. Generally up to \$10,000 per job created and/or \$5,000 per job retained. Community impact also considered.

Use of Funds: Machinery and equipment, building construction/purchase/renovation, or working capital. No refinancing or down payments.

Rates: Fixed and project-specific, depending upon risk, collateral and purpose. Floor rate 3%.

Maximum Terms: Real Estate-15 years, Machinery and Equipment-7 years, Working Capital- 5 years.

Employment: Borrower will employ at least 10%, but less than 20% of its workforce from members of families with income below the poverty line. The line is adjusted annually.

IDA Fees: \$200.00 - Application fee; Borrower pays IDA's legal, if a mortgage is involved or if unusual circumstances arise causing the need for legal review.

Eligible Businesses: All private, for-profit businesses, including certain tourism destination facilities and certain agricultural businesses. Hotels, motels, tourist homes, convention, recreation and amusement centers. No community antenna television facilities or businesses where more than 10% of annual gross revenues are derived from legalized gambling.

Application Requirements:

- Business Plan & Financial statements (personal on any owners of 20% or more of the business)
- Authorization to investigate credit
- Environmental impact review
- Appraisal(s) on real estate and/or equipment, or proof of cost, whichever is applicable
- Copy of bank's credit analysis, if bank involved
- USDA, Rural Development review
- Personal guarantees required by any person owning 20% or more of the business

Security/Collateral: *Real estate* loans will be secured with mortgages on the real property being financed. Secondary positions behind primary lenders will be allowed. *Machinery and Equipment* loans will be secured by at least, co-equal liens on the goods being purchased. For *Used Machinery and Machinery*, a valuation will be required by using any recognized, standard technique (including reference manuals) for the type of property involved. *Working Capital* loans will be secured either by a mortgage on real estate or a lien on Machinery and Equipment under conditions mentioned above.

The USDA requires the IDA to discount the chattel or real estate being used as collateral; however, the entire loan amount must be secured.

Personal guarantees are required by any person owning 20% or more of the entity borrowing funds, irrespective of the form of ownership.

A loan committee of the IDA will review and approve applications, subject to final review and concurrence by USDA.

“This institution is an equal opportunity provider, employer and lender”

Revised March 2016