

FAQs

1. *Who is eligible to apply for a RLF loan?*
 - Small- or medium-sized businesses located in or relocating to Seneca County.
 - Eligible borrowers include individuals, sole proprietorships, partnerships, corporations (for profit and not-for-profit), limited liability companies, limited liability partnerships, professional service corporations, cooperatives, and any other legally recognized form of business.
2. *Are startups eligible to apply for a loan?*
 - Yes, startups may apply for a RLF loan. However, they are asked to submit a business plan as part of their loan application.
3. *What are your target projects for a RLF loan?*
 - Small business development projects (less than 150 employees)
 - Projects which involve redevelopment of blighted or vacant land and facilities
 - Projects which stabilize and diversify the local economy
 - Projects which aid businesses owned and operated by minorities, women, or by persons who are economically disadvantaged
 - Projects which can demonstrate that they are unable to obtain sufficient capital at reasonable rates, to allow for implementation of expansion plans or other activities which hold solid potential for job creation or retention
 - Projects which will create the types of jobs appropriate to the existing local labor force
 - Projects which will provide long-term employment opportunities that also include employee benefits
4. *Are there limitations on the use of funds for a RLF loan?*
 - RLF funds may be used for the acquisition of fixed assets and current assets including inventory and receivables, permanent working capital, and for the acquisition of real property.
 - RLF funding cannot be used for:
 - Acquisition of an equity position in a private business
 - Subsidization of interest payments on an existing RLF loan
 - Equity contributions required for other Federal loan programs
 - Investment in interest-bearing accounts, certificates of deposit, or any investment unrelated to the RLF
 - Refinancing of existing debt unless there is demonstration of sound economic justification or RLF funds will be used to finance the acquisition of lien rights when necessary to preclude a significant loss on an existing RLF loan
 - Serve as collateral to obtain credit or other type of financing without the US Economic Development Administration's prior written approval
 - Speculative activities, defined as a business that derives profits from fluctuations in process
 - Pyramid sales plans
 - Lending activities
 - Gambling activities or performances or products of a prurient sexual nature
 - Illegal activities

5. *Is there a maximum loan amount?*

- The maximum amount of an RLF loan is \$250,000 unless otherwise approved by the SENIDA Board based on applicable job/cost ratios, an appropriate risk analysis, or other factors.
- RLF financing may not exceed the ratio of \$35,000 for each permanent employment opportunity to be created or retained.

6. *What are the interest rates for RLF loans?*

- RLF loans bear interest at a fixed rate set at the loan commitment date and determined on a case-by-case basis.
- The minimum interest rate is four percentage points below the current money center prime interest rate quoted in the *Wall Street Journal*. However, in no event shall the interest rate be less than the lower of 4% or 75% of the prime interest rate listed in the *Wall Street Journal*.
- For businesses applying for emergency loans, interest rates will be set at 0% until May 6, 2021 at which time they will be set at the minimum interest rate per the above guidance.

7. *Are there loan fees and closing costs?*

- A fee of \$250 must accompany all RLF loan applications above \$25,000.
- A fee of \$10 must accompany all RLF loan applications below \$25,000.
- Loan recipients above \$25,000 will be charged a commitment fee equal to 1% of the approved loan amount.
- Borrowers will be required to pay SENIDA's legal fees associated with a loan closing.

8. *How does the loan application process and approval work? How long does it take?*

- Businesses may submit a complete application either by e-mail to k.kline@senecacountyida.org or by mail to:

Seneca County Industrial Development Agency

1 DiPronio Dr

Waterloo, NY 13165

- Completed applications will be sent to the IDA's loan committee for review. The loan committee will then recommend loan terms and approval of the application to the IDA's Board.
- All RLF loans recommended for approval of the IDA Board will be discussed and approved during the Board's monthly public meetings.
- In total, the loan application and approval process may take anywhere from 1 to 3 months.