



SMALL BUSINESS REVOLVING LOAN FUND

Overview

PROGRAM GOALS

The Small Business Revolving Loan Fund is a \$50 million fund designed to create economic activity by providing greater access to capital for main street everyday small businesses. The program is targeted to minorities, women and other New Yorkers who have difficulty accessing regular credit markets. Governor Paterson's Small Business Task Force identified this vital need and initially proposed the creation of this program. The 2010-11 State Budget provided \$25 million in state funds and will leverage at least \$25 million in private matching funds.

PROGRAM ELIGIBILITY

ESD will initiate an RFP process to award low interest -loans to community development financial institutions (CDFIs) and other local community-based lending organizations in order to provide capital loans to small businesses throughout New York State. ESD may also provide funds for loan loss reserves or other administrative expenses of the participating lending organizations

Eligible lending organizations must demonstrate expertise in analyzing small business applications, evaluating creditworthiness and monitoring program loans. Qualifying lenders will be required to conduct application reviews to determine feasibility, likelihood of repayment and potential that the loan will generate economic development and jobs in New York State.

Small retail, service and manufacturing businesses across New York State are eligible to apply. New startup businesses may qualify if they meet certain criteria such as having a viable business plan backed by collateral and a record of success.

Program loans to small businesses are to be used for the creation and retention of jobs. Funding may be used for working capital, acquisition and or improvement of real property, the acquisition of machinery and equipment, property improvement, or the refinancing of debt obligations. A small business is defined as resident in New York State, independently owned and operated, not dominant in its field, and with one hundred or fewer employees.

Funds may not be used for the relocation of any business from one municipality within the State to another, except when the business is relocating within a municipality with a population of at least one million and the governing body of each municipality approves such relocation.

Organizations not eligible for funding include newspapers, broadcasting or other news media, medical facilities, libraries, community or civic centers. Ineligible uses include public infrastructure improvements and providing funds for payment or distribution as a loan to owners, members and partners or shareholders of the applicant business.

LOAN TYPES

Program funds used to finance an applicant loan will not be more than 50% of the principal amount and no greater than \$125,000. There will be two categories of loans:

- Micro-Loans - principal amount that is less than \$25,000
- Regular Loans - principal amount greater than \$25,000

ACCOUNTABILITY AND TRANSPARENCY

Lending organizations are required to submit annual reports to ESD stating the number of program loans made, the amount of program funding used for loans, the use of loan proceeds by the borrower, the number of jobs created or retained, a description of economic development generated, the status of each outstanding program loan, and other organizational and loan portfolio information.

ESD is authorized to conduct audits in order to ensure program compliance and to recapture program funds from lending organizations terminated from the program.

CONTACT INFORMATION

For more information, please contact your local ESD Regional Office:

www.esd.ny.gov/RegionalOverviews.html

For individual assistance on accessing a wide range of small business support services available throughout New York State, please contact the Division directly at 800-STATE-NY or 518-292-5220.

For additional information, please visit the NYS Small Business Resource Center at <http://www.esd.ny.gov/SmallBusiness.html>.