



CLARE COUNTY BOARD OF COMMISSIONERS

225 West Main Street, P.O. Box 438 Harrison, MI 48625
Ph: (989) 539-7436 Fax (989) 539-2588

District 1: JORDON LOCKMILLER District 2: LYNN GRIM District 3: ROBERT KRAINIK II
District 4: JACK KLEINHARDT District 5: DONALD DAVID District 6: KAREN LIPOVSKY District 7: JAMES GELIOS

**USDA Rural Development
Rural Business Enterprise Grant
for
Clare County
Small Business Revolving Loan Fund
Clare County Housing Commission
Guidelines**

Objective

The purpose of the Clare County Small Business Revolving Loan Fund is to promote economic development within Clare County by making financing available to new and expanding small businesses that is not available from a traditional lending source and facilitating the development of these small and emerging business enterprises. Furthermore, the goal of the Clare County Small Business Revolving Loan Fund is to specifically create and retain jobs in Clare County.

Eligibility Criteria

USDA Rural Development requires that the small and emerging businesses to be assisted will have less than fifty (50) new employees and less than \$1 million in gross annual revenues.

Loans are limited to economic development and related support projects and may be used for the purchase of equipment, working capital, real estate, and construction within Clare County.

The applicant may be an individual owner, partnership, limited liability company or corporation, excluding public institutions, lending institutions and real estate developers.

An applicant must have at least 20%(New Business) or 10% (Existing Business) equity in the total business, including the new loan, demonstrate the ability to repay the loan and be an acceptable credit risk, as determined by the Project Review Committee.

To qualify for a loan, a minimum of one (1) job must be created or retained.

Applicant Requirements and Assurances

Applicants are subject to a loan application, review, approval, and monitoring processes. The applicant shall provide, at minimum, the following:

- A Completed Michigan Small Business & Technology Development Center Region 4 Sign-off Form.
- A business plan.
- A \$50 non-refundable application fee.
- The business must be located in Clare County.
- A complete loan application and supporting documentation to include both financial and non-financial information.
- Demonstrate the inability to obtain financing from a traditional lending source.
- Be current on all federal and state debt.
- Compliance with all local, state and federal laws and regulations. (Civil Rights Act of 1964 and Section 112 of Public Law 9265, amending the Public Works and Economic Development Act of 1965)
- All projects subject to USDA-RD Environmental Review Process.

Loan Terms and Conditions

- Loans are made on a secured-basis with personal guarantees, sometimes including collateral and/or a cosigner.
- The loan range is up to \$30,000.
- Loans are made at a fixed interest rate of prime at closing.
- The loan can be extended for up to 5 years.
- The applicant shall provide fire, hazard and normal business insurance on all assets for the term of the loan.
- The applicant must submit quarterly/annual financial statements to the Project Review Committee.
- The applicant shall pay all legal fees incurred in closing the particular loan which may include the drafting of documents and legal work involved in title insurance.

Loan Processing

The Clare County Housing Commission Staff (CCHC) will be responsible for ensuring that all eligibility criteria and applicant requirements have been satisfied prior to submission to the Project Review Committee. CCHC Staff will also work with the applicant to help identify private and/or public lending sources. After all required information has been received and reviewed by CCHC Staff, it may be submitted to the Project Review Committee. The applicant may be invited to address the Project Review Committee directly. In either case, the applicant must draft an "Executive Summary" addressing all pertinent aspects of the proposal. Following a complete review by the Project Review Committee, a decision will be delivered, and in any case, the applicant will be notified in writing. Should a project be approved for recommendation to the Clare County Housing Commission Board for funding, a letter of conditional commitment will be issued with specific conditions outlined.