



Small Business Development Center

Financing Sources

HELPING ENTREPRENEURS AND SMALL BUSINESSES

Sustain · Develop · Grow

Table of Contents

Local Funds

1-3

- City Revolving Loan
- County Revolving
- Downtown Revitalization Loan
- Industrial Revolving Loan
- Economic Development Loan
- Tax Phase-in Program
- Brownfield Redevelopment Assistance
- Micro Loan
- Small Business Direct Loans
- Loan Guaranties

State Funds

4-5

- Recycling Promotion & Assistance Fund
- Industrial Energy Efficiency Fund
- Capital Access Program
- Tax Exempt Bond Program
- Volume Cap Program
- Small Bond Program
- Loan Guaranty Program
- Brownfields Redevelopment Program
- 21 Century Research & Technology Fund
- Shovel Ready Program
- Broadband Program

Federal Funds

6-8

- 7(a) Loan
- Certified Development Company (504) Loan
- SBAExpress
- CAPLines
- Export Working Capital
- International Trade Loan
- SBA ExportXpress
- Microloan 7(m) Program
- Pre-Qualified Loan Program
- Small Business Investment Companies (SBIC)
- Small Business Innovation Research Program (SBIR)/Small Business Technology Transfer Program (STTR)

Local Funds

Business Development, Department of Metropolitan Development
Metro SBAC: make all inquiries by contacting Debbie Spalding, Donna Bailey, Carolyn Rusk or Rob Schaefer @ 812-436-7823.

City Revolving Loan

Provides financing for land, building, equipment, inventory or working capital to small businesses within the city limits of Evansville that are unable to obtain conventional financing to complete their project.

Maximum loan amount	\$25,000
Interest Rate	Prime plus 1– 3 %

County Revolving Loan

Provides financing to small business within the unincorporated areas of Vanderburgh County that are unable to obtain conventional financing to complete their project.

Maximum loan amount -	\$25,000
Interest Rate	Prime plus 1– 3 %

Downtown Revitalization Loan

Assist businesses with gap financing for acquisition and renovations to buildings within the immediate downtown area. Loan proceeds may be used in the Downtown Certified Technology Park for technology – related building improvements, including related infrastructure improvements. The gap financing ratio is a 1:1 match. For every private dollar borrowed one public dollar will be lent.

Maximum loan amount-	\$200,000 for acquisition and renovations \$100,000 for renovations only
Interest Rate	Below Prime

Industrial Revolving Loan

Assist businesses with gap financing that create permanent job opportunities that are appropriate to the local labor force and show the greatest potential for long–term growth and stability. The gap financing ratio is a 2:1 match. For every two private dollars borrowed one public dollar will be lent. For every \$15,000 lent from this loan pool one (1) job must be created.

Minimum loan amount	\$25,000
Interest Rate	4% or higher

Economic Development Loan

Assist businesses with gap financing that are expanding their local operations, relocating operations from sites outside of Vanderburgh County, or expanding operations by the opening of new facilities in Evansville. Projects for which loans will be considered must have a total project cost (not including working capital needs) of \$500,000 or more for the expansion of local businesses and \$1 million or more for businesses locating to the area. Loans will not be made to start-up businesses and/or working capital loan requests. Only 20% of the total project costs will be financed with public dollars.

Minimum loan amount	\$50,000
Interest Rate	Below Prime

CONTACTS: Debbie Spalding or Donna Bailey

Tax Phase-in Program

A. **Tax Phase-in:** The gradual phase – in of increased taxes due on improvements to real and/or personal property (real estate or equipment).

B. **Tax Exempt Bond Program:** Tax exempt financing available through Industrial Revenue Bonds, refunding bonds and 501(c) (3) bonds.

CONTACT: Rob Schaefer

Brownfield Redevelopment Assistance

A brownfield is an abandoned idled or under-used industrial or commercial facility where expansion or redevelopment is complicated by real or perceived environmental contamination. The City of Evansville offers brownfield redevelopment assistance through the Department of Metropolitan Development. Grant opportunities are available for environmental assessments and brownfield remediation to private property owners through a cooperative arrangement with local government. Brownfield grants are funded through the state or federal government on a cyclical basis and are competitive. Projects proposed for a brownfield grant must meet the grant guidelines and must receive approval from City administration.

CONTACT: Carolyn Rusk

Neighborhood Economic Development Center: A program of Our Greater Community, Inc.

The mission of the NEDC is to provide training, access to financing and on-going technical support to low and moderate income persons wanting to become financially independent by owning and operating their own business. All loan requests must have been previously rejected by a conventional banking institution.

MICRO LOAN

These are small feasibility loans; first loan maximum is \$2,000 and second loan maximum is \$5,000. All borrowers must have attended the Small Business Training course.

SMALL BUSINESS DIRECT LOANS

Loans up to \$10,000 may be made available to qualified graduates of the training course and to existing businesses with two years of satisfactory financial information.

LOAN GUARANTIES

Up to \$25,000 may be available to provide additional security for larger loans secured from conventional banking institution.

State Funds

Indiana Economic Development Corporation (IEDC) Programs:

Recycling Promotion and Assistance Fund (RPAF)

The RPAF provides zero interest loans to IN businesses for the purchase of equipment specifically needed to re-manufacture recyclable materials into finished products or industrial feedstocks. Loans of up to \$500,000 per project; eligible funding can cover 50% of the project equipment costs; important elements of projects are type and amount of material recycled. <http://www.indianacommerce.com/Energy/index.asp>

Indiana's Industrial Energy Efficiency Fund

Through the IEEF, the state helps industrial businesses lower their energy costs by providing zero interest loans to purchase energy efficient manufacturing equipment. Loans are granted to in-state industries or businesses that will move their operations to the state as a result of the funding. Eligible projects are those that demonstrate measurable energy savings in Kwh, Btu or other units of measurement. Loans of up to \$100,000 per project or 50% of total eligible project costs. <http://www.indianacommerce.com/Energy/index.asp>

Indiana Finance Authority (IFA) Programs:

Capital Access Program (CAP)

The CAP is a small business credit program that creates a cash reserve fund for the lender to use as additional security for loans in the program; it allows lenders to consider making slightly riskier loans that might not meet conventional lending requirements. It allows small business access to capital programs that target high growth/high tech companies, minority owned business and child care facilities. <http://www.in.gov/ifa/programs/cap.html>

Tax Exempt Bond Program or Industrial Revenue Bonds (IRBs)

IRBs are issued by state or local government for the benefit of a private company. The IFA can issue bonds to finance qualified manufacturing facilities and equipment; pollution control facilities and other projects permitted under federal law. Manufacturing companies can save significant interest costs by using tax-exempt bonds to finance equipment purchases, land acquisition and construction. The IFA can also issues tax exempt bonds for certain 501(c) (3) entities including child care facilities and cultural institutions. <http://www.in.gov/ifa/programs/tbp.html>

Volume Cap Program

Tax exempt financing is available annually for manufacturing projects and exempt facility projects and is competitively awarded based on jobs created or retained; the wages of the jobs; the amount of capital investment and the dollars of volume cap used per job. The IFA considers the location of the project (disadvantaged counties are favored); where the company is a high-growth firm and whether financing would allow the company to use new processes or markets. <http://www.in.gov/ifa/programs/vcp.html>

[Small Bond Program](#)

The Small Bond program provides access to the tax-exempt market for transactions under \$2mil for manufacturing projects, agricultural bonds and certain non-profit organizations such as charter schools. Participating banks purchase and hold the bonds. <http://www.in.gov/ifa/programs/sbp.html>

[Loan Guaranty Program](#)

The IFA guarantees loans for high growth/high skilled companies, manufacturers, rural development projects, and other businesses that create or retain a significant number of jobs. For rural development and agricultural projects, the maximum guaranty is \$300,000. The guaranty may be larger for high growth/high skilled companies and manufacturing projects. <http://www.in.gov/ifa/programs/lgp.html>

[Brownfields Redevelopment Program](#)

A brownfield is an abandoned or underutilized commercial or industrial property. Grants up to \$50,000 are available for environmental site assessments and low interest loans (2.5% to 3.0%) are available for remediation, selective demolition and additional assessment. <http://www.idfabrownfields.com/>

[21st Century Research and Technology Fund](#)

The Fund makes awards in three broad categories: Science and Technology Commercialization; Centers of Excellence; and Entrepreneurial Activities. The Fund emphasizes the creation of academic/commercial sector partnerships and makes awards for up to two years in amounts of up to \$5 million. <http://www.in.gov/ifa/century/>

[Shovel Ready Program](#)* NEW*

Shovel Ready is a new state program designed to certify sites as “ready for development”. This program is designed to help companies locate and develop a site quickly. Once certified as “shovel ready”, (after the pre-permit work has been done) the project would be fast tracked with permitting. <http://www.in.gov/ifa/business/>

[Broadband Program](#) * NEW*

Broadband Development is a new state program that is currently under development. A loan guaranty can be given to a developer or operator in an “underserved” rural area. The IFA is working with the Office of Rural Affairs to identify potential projects. The definition of broadband services is the transmission of voice, video and/or data at more than 200 kilobits per second and in a least one direction regardless of the technology or medium used. <http://www.in.gov/ifa/business/>

Federal Funds

Small Business Administration (SBA):

7 (a) Loan

The 7 (a) is the most basic and most frequently used SBA program. There are three essential parties to an SBA guaranteed loan: the SBA, the borrower and the lender, usually a bank. Small business owners submit a loan application to the lender and if the lender finds the applicant needs additional support, it forwards the application to the nearest SBA office for credit analysis. If approved by the SBA, the lender closes the loan and disburses the proceeds.

Qualification as a small business is based on the average number of employees for the preceding 12 months or on sales volume averages over a three year period. Borrowers must demonstrate the ability to repay and be willing to pledge assets to secure the loan. New businesses may be required to put up one third or even one half of the total assts needed to get started.

The maximum loan amount per borrower is \$250,000. Generally the interest rate can not exceed 2.75% over Prime.

Borrowers may use the proceeds from the 7 (a) for expansion, renovation, construction or purchase of land or buildings; to purchase machinery, equipment, fixtures; to augment working capital and, under special conditions, to refinance existing debt.

<http://sba.gov/financing/sbaloan/7a.html>

Certified Development Company (504) Loan

This program finances the purchase of fixed assets including land, buildings, machinery and equipment; modernization or renovation of existing facilities. Funds cannot be used for working capital, inventory, consolidation or repayment of debt, or refinancing.

Typically, a lender institution finances 50% of the project; the CDC contributes 40% and the remaining 10% comes from the borrower. Start-ups can expect to contribute 15%, with a 35% contribution from the CDC.

A business must have a net worth of \$7 mil or less and an average net profit after taxes for the previous two years of \$2.5 mil or less. For every \$35,000 of invested CDC funds, one job must be created, retained or meet economic development criteria.

<http://sba.gov/financing/sbaloan/cdc504.html>

SBAExpress

Preferred lenders may provide SBA guaranteed small business loans of \$250,000 or less with a 50% guarantee. Loans of under \$25,000 do not require collateral.

[CAPLines](#)

The SBA guarantees 75% up to \$1 mil for short-term and cyclical working capital needs. <http://www.sba.gov/financing/loanprog/caplines.html>

[Export Working Capital](#)

Exporters seeking short-term working capital may be eligible for a 90% guarantee of the P&I. It is transaction based and can be a revolving line of credit or structured for each purchase order, shipment or contract. The term is 12 months or less; the one page application can turnaround within 10 days. The maximum loan amount is \$1mil. <http://www.sba.gov/financing/loanprog/ewcp.html>

[International Trade Loan](#)

The SBA provides loans to businesses that are engaged in international trade, preparing to engage in international trade or can show that they are adversely affected by direct import competition. The SBA can guarantee up to \$1.25 mil in combined working capital and fixed asset loans. None of the loan proceeds may be used for debt refinancing. <http://www.sba.gov/financing/loanprog/tradeloans.html>

[SBA ExportXpress](#)

Businesses who can demonstrate that loan proceeds will be used to enter a new export market or expand an existing export market and have been in operation for 12 months may be eligible for 85% guarantee for a maximum loan amount of \$150,000.

[Microloan 7\(m\) Program](#)

The Microloan Program provides short-term loans of up to \$35,000 to small businesses and not-for-profit child care centers for working capital or the purchase of inventory, supplies, furniture, fixtures, machinery and/or equipment. Proceeds cannot be used to pay existing debts or to purchase real estate. The SBA distributes funds to private, non-profit groups who serve as intermediary lenders.

[Pre-Qualified Loan Program](#)

The Pre-Qualified Loan Program helps small businesses that have traditionally been underserved by the lending community. Upon approval, the SBA will issue a guarantee commitment letter for up to \$250,000. Based on the commitment letter, SBA lenders can provide expedited consideration.

<http://www.sba.gov/financing/sbaloan/prequalification.html>

[Small Business Investment Companies\(SBIC\)](#)

The SBIC program provides venture capital to small businesses for start-up and growth. SBICs are for-profit, privately owned investment firms licensed by the SBA.

SBICs provide equity capital, long-term loans and management assistance. There are two types of SBICs; regular and specialized (SSBIC). Specialized SBICs invest in small businesses owned by socially and economically disadvantaged entrepreneurs.

<http://www.sba.gov/financing/capital/investment.html>

[Small Business Innovation Research Program \(SBIR\)/Small Business Technology Transfer Program \(STTR\)](#)

The Small Business Innovation Research Program (SBIR) awards grants for research and development. The program is designed to promote technology-based firms by providing idea money to help develop new technologies. Projects funded by SBIR are usually too early, too high-risk or too expensive for banks, venture capitalists or internal funding.

A company must be a for-profit American firm with fewer than 500 employees.

<http://www.sba.gov/businessop/programs/sbirsttr.html>

This material is based on work supported by the U.S. Small Business Administration, the State of Indiana and our many local partners under cooperative agreement 5-603001-Z-0015-20. SBDCs are a program supported by SBA and extended to the public on a nondiscriminatory basis. SBA cannot endorse any products, opinions or services of any external parties or activities. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance by calling your local SBDC. "A program hosted by the Metropolitan Evansville Chamber of Commerce."