

## Regional Development Corporation Financing



The Regional Development Corporation (RDC) supports increased private investment that expands or retains employment in Erie County. Goals include enhanced competitiveness of local businesses, local ownership of firms employing local residents, formation of new companies especially in the technology sector and support for minority and women-owned businesses and businesses in designated Enterprise Communities or economic development zones (see RDC Target Sectors list). Eligible uses generally include permanent working capital, equipment purchases, pollution control improvements and loans to effect changes in local ownership when the employment base of the company would otherwise be in jeopardy. (see Buffalo and Erie County Regional Development Corporation Annual Policy and the document Ineligible Uses for RDC Loan funds). Unless specifically noted the following is typical for RDC loans:

1. The maximum loan available is \$1,000,000  
Interest rate is generally fixed at prime rate or below (floor of 4%).
2. The RDC loan may not exceed 50% of the project
3. Loan proceeds cannot exceed \$50,000 per jobs created or retained over a three year period
4. Loans for retail are not eligible
5. Maximum loan term is commonly seven (7) years with a maximum of fifteen (15) years
6. RDC loans may not substitute for private capital or other financing when available
7. Refinancing of existing debt is not an eligible use of RDC funds  
RDC takes a junior collateral lien

### Eligibility

An eligible borrower may be a proprietorship, partnership or corporation that is recognized as operating in a targeted industry within the RDC Loan Administration Plan. Priority will be given to targeted industries and to companies located in designated distressed areas of the county and economic development zones. Specific applicant eligibility is determined in accordance with the federally approved RDC Loan Administration Plan.

### Restrictions

No expenditures or commitments for expenditures should be made prior to issuance of the RDC commitment letter.

### Application Procedures

Application procedures vary depending on the amount of the loan request. RDC staff will meet with the applicant to determine if the project appears eligible. Applications should be prepared using the Basic Loan Application Requirements checklist. If available, copies of the lender's loan case and commitment letter enhance the application.

### Loan Closing/Fees

The loan closing date is scheduled by mutual consent of the financing participants, pending the preparation of final loan closing documentation. A fee of one-half of one percent (0.5%) of the principal amount of the loan is required and payable by the company at the time of acceptance of the letter of commitment. Legal fees are additional. They are the responsibility of the company and will be deducted from the principal amount of the loan.