



MAHONING VALLEY ECONOMIC DEVELOPMENT CORPORATION

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QUESTIONS AND ANSWERS ABOUT MVEDC'S LOAN PROGRAMS FOR SMALL BUSINESSES

What are the small business programs of MVEDC?

MVEDC provides financing under three key programs:

- State of Ohio "166" program which provides low rate, fixed asset loans, usually in a shared collateral position with participating bank.
- SBA 504 loan program which provides second position loans for fixed asset projects.
- Mahoning Valley Industrial Loan Fund which provides funds for fixed assets and working capital needs.
- USDA/AG Intermediary Relending Program (IRP) provides funds for fixed assets and working capital needs.

Who is eligible for MVEDC funds?

Most small businesses; however, applicants are reviewed on an individual basis.

What can MVEDC loans funds be used for?

Acquisition of equipment and real estate; renovation of existing buildings; working capital requirements.

Is there an "employment" requirement for MVEDC financing?

A project must create and/or retain employment positions.

Is MVEDC financing a replacement for bank financing?

No. MVEDC works in conjunction with private lenders. Typically, a private lender will lend up to 50 percent of the total project cost.

Does MVEDC require the business to provide equity?

Yes. The small business is generally required to provide at least 10 percent equity, and up to 20 percent for start-ups.

How much can MVEDC lend?

Depending on the financing program, MVEDC can lend up to \$5.5 million.

What does a "typical financing package" look like?

50 percent private participation
40 percent MVEDC participation
10 percent equity investment

How long does the MVEDC loan approval process take?

Financing approval takes between 30 to 45 days depending on availability of applicant information and lender commitment.

How long does MVEDC take to disburse funds?

Depending on the financing program, disbursement usually occurs within 60 days of approval. SBA 504 and "166" programs require interim financing by participating lender.

What are the advantages of MVEDC financing programs?

MVEDC provides long-term, fixed-rate financing at interest rates which are lower than conventional financing.

SBA 504 loans are subordinated to the lender's loan to improve collateral coverage and thus encouraging the lender to offer more favorable financing terms.

MVEDC loans have low, fixed interest rates and longer terms which provide a lower debt service on overall financing and decrease cash flow burden.



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COMPARING MVEDC'S LOAN PROGRAMS FOR SMALL BUSINESSES

	REVOLVING LOAN FUNDS	REGIONAL "166" FUND	SBA 504	USDA/AG-IRP
ELIGIBLE BUSINESSES	Industrial, commercial, service	Primarily manufacturing wholesale & distribution	Service, commercial, retail industrial, distribution	Industrial, commercial service
MAXIMUM LOAN	45% of project cost up to \$150,000	40% of project cost up to \$500,000	\$5.5 million for manufacturing 40% of project cost up to \$5 million for public policy goals	40% of project cost up to \$150,000
INTEREST RATE	Based on prime rate fixed	Fixed at 2/3 of prime rate	Based on treasury rates fixed	Based on prime rate fixed
LOAN TERM	Up to 10 years for equipment up to 15 years for real estate	Up to 10 years for equipment Up to 15 years for real estate	10 years for equipment 20 years for real estate	Up to 3 years - working capital useful life = 5-20 years on equipment, real estate
COLLATERAL	2nd mortgage or lien personal guarantees	Shared first with bank required personal guarantees or letter of credit	2nd mortgage or lien personal guarantees	First or shared first with bank personal guarantees
JOB CREATION	Typically, 1 job for each \$25,000 of RLF funds	1 job for each \$50,000 of "166" funds	1 job for each \$65,000 of SBA 504 funds or public policy goals	1 job for each \$25,000 of AG funds
OTHER FACTORS	Must be located or locating in Mahoning or Trumbull counties or specific localities	Prevailing wage must be paid for projects involving construction, with interim financing by bank	SBA 504 requires interim financing by participating bank	Rural areas of Mahoning Trumbull & Columbiana Counties

FOR MORE INFORMATION CONTACT:

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