

# SMALL BUSINESS LOAN PROGRAM

Rural Community Assistance Corporation's (RCAC) Small Business Loan Program helps create jobs and promote economic development in rural communities. Ninety eight percent of all businesses are small businesses by federal definition. Small businesses provide vital services, supplies and products in smaller rural communities. RCAC offers loans for a variety of business financing needs including working capital, lines of credit and long-term loans for real estate and equipment acquisition. Most small businesses that generate employment can be considered for loans.

## General Program Requirements

### ■ ELIGIBLE APPLICANT

For-profit and nonprofit entities, Tribal Governments and sole proprietorships are eligible.

### ■ ELIGIBLE AREA

The business must serve rural areas with populations of 50,000 or less.

### ■ ELIGIBLE PROJECTS

The loan under consideration must result in job retention or creation, i.e., provide employment.

For larger loans that require a loan guarantee, the borrower must meet any guarantor requirements in addition to RCAC requirements.

## Loan Products

### ■ WORKING CAPITAL LOANS

- For business expansion or other working capital needs
- Term — typically three to five years (up to seven years with real estate security)
- Loan Fee — 1 percent; minimal other costs
- Loans generally are for up to \$150,000; and larger loans may be considered with a loan guarantee
- May be secured by real estate, equipment, inventory, cash flow or a combination thereof
- Generally loans are fully amortized
- Tangible security is required for minimum of 50 percent of loan need
- The interest rate is determined by business strength and security

### ■ LINES OF CREDIT

- Lines of credit for ongoing expenses, seasonal fluctuations, inventory, capital improvements
- Term — One year with renewal option; maximum five year term
- Loan Fee — 1 percent; minimal other costs
- Loans are generally for up to \$150,000; and larger loans may be considered with a loan guarantee
- Security is dependent on loan size
- Interest only or periodic principal reduction
- The interest rate is determined by business strength and security

### ■ TERM LOANS

- Long-term real estate and/or equipment loans
- Term — Up to 30 years for real estate; 10 years for equipment
- Loan Fee — 1 percent; other costs may include appraisal, title company closing costs
- Loans are for up to \$6 million
- Guarantee Fee — 2 to 3 percent depending on the guarantee program
- Generally requires a USDA Business and Industry guarantee, or other source of guarantee, for loans more than \$150,000 (may also be required for smaller loans)
- Secured by real estate and/or equipment
- The interest rate is determined by business strength and security

## General Information

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- Loan applications are available on-line at [www.rcac.org](http://www.rcac.org) (Click on "Financing for" button)
- RCAC Loan Officers are available to provide application assistance
- Interest rates and fees are determined periodically and are subject to change. Business loans are typically in the 6 percent–10 percent range
- Minimum business and personal credit scores are required
- Owners with 20 percent or greater ownership interest must provide personal financial and history information and provide a personal loan guarantee
- Loans to a subsidiary or affiliate of an entity will require a loan guarantee from the parent entity
- Exceptions to requirements will be considered on a case-by-case basis with justification
- RCAC is flexible and will work with businessowners to tailor a loan or loans to fit business needs.
- Please contact the applicable area Loan Officer or RCAC Credit Officer to discuss your business financing needs.

## Green Lending

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- Applicants who adopt "Green" business practices or incorporate energy savings features into facilities may receive a 0.5% interest rate reduction.

## RCAC

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Rural Community Assistance Corporation (RCAC) provides training, technical and financial resources and advocacy so rural communities can achieve their goals and visions

Founded more than 35 years ago, RCAC provides a wide range of community development services for rural and Native American communities, and community-based organizations in 13 western states and other Pacific islands. RCAC was certified as a Community Development Financial Institution (CDFI) in 1996 and finances affordable housing, community facilities, utility infrastructure and small businesses in rural communities. As a certified CDFI, RCAC fills financing gaps and serves those traditionally neglected by conventional markets.

With nearly \$130 million in lending capital, RCAC is a major resource for rural communities. Headquartered in West Sacramento, California, RCAC's more than 100 employees serve rural communities from field offices located throughout our service region.

## Contacts

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### Loan Officers

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*RCAC Loan Fund contacts are subject to change without notice. If the loan officer you are trying to reach is unavailable, please call the corporate office at (916) 447-2854 and ask for the Loan Fund.*

*RCAC is an Equal Opportunity Lender*