



Central New York Enterprise Development Fund

Rural Microentrepreneur Assistance Program

The Central New York Regional Planning and Development Board

October 2011

Revolving Loan Fund Structure:

- Administered by the CNY RPDB through the CNY Enterprise Development Corporation.
- Capitalized through the USDA Rural Development's Rural Microentrepreneur Assistance Program.

Criteria for Business Applicants:

- Eligible microenterprises are sole proprietors or other business entities located in a rural area employing 10 or fewer full-time employees.
- Rural areas are defined as any area not in a city or town that has a population of more than 50,000 or the contiguous and adjacent urbanized area.
- Preference given to "essential rural businesses" identified by local economic development agencies.

Technical Assistance Requirements:

- Applicants must complete a minimum of 10 hours of technical assistance training.
- Training may consist of classroom instruction and/or one-on-one counseling.
- Previous SBDC training may be counted toward technical assistance goal.

Eligible Uses of Funds:

- The purchase or improvement of real estate.
- The acquisition of machinery or equipment.
- Funding permanent working capital needs.

Amounts, Rate, and Term:

- Up to 75% of total project cost to a maximum of \$50,000.
- Ten percent equity investment required.
- Current rate is 4.5%.
- Loan terms are negotiable but will generally be 1 - 5 years for working capital projects and 3 to 7 years for fixed-asset based projects.

Collateral and Security:

- Collateral taken as appropriate for loan; can include mortgages, UCC liens on equipment, accounts receivable and/or inventory; personal guarantees.
- Can be subordinate or co-equal lender.

Process:

- Staff reviews completed application.
- For prompt consideration, completed application must be returned at least 15 days prior to scheduled Loan Advisory Committee meeting.
- Loan request presented to the Loan Committee for recommendation; the Committee meets monthly.
- If recommended, request is considered by the CNY EDC Board of Directors. Board meetings are held bimonthly.
- Technical assistance objective to be certified by SBDC.

Cost:

- \$100 non-refundable application fee at the time of application; all loan closing costs

The Central New York Rural Microenterprise Assistance Program

Introduction

The Central New York Regional Planning and Development Board (CNY RPDB) is a public agency that was established in 1966 by Cayuga, Cortland, Madison, Onondaga, and Oswego Counties under the provisions of Article 12B of the New York State General Municipal Law. The CNY RPDB provides a comprehensive range of services associated with the growth and development of communities in Central New York through its four program areas of economic development, environmental management, land use and transportation planning, and regional information and research services.

The Central New York Rural Microenterprise Assistance Program (RMAP) is a financial and technical assistance program aimed at the region's rural micro-entrepreneurs. This program is based on the belief that supporting rural entrepreneurs can be a sustainable economic development strategy. This approach offers several significant advantages over other economic development models: lower costs compared to attraction strategies; smaller scale development results, and; the creation of home-grown companies more loyal to communities and more likely to interact with other local businesses/producers.

As part of its economic development mission, the CNY RPDB is administering the RMAP through the Central New York Enterprise Development Corporation (CNY EDC), a non-profit corporation that was established as a vehicle for delivering a variety of economic development programming to the five-county region. The CNY EDC operates the Central New York Enterprise Development Fund (CNY EDF), a small business revolving loan fund comprised of several distinct funding sources.

The Central New York RMAP

The CNY RPDB, in collaboration with the Small Business Development Center at Onondaga Community College (SBDC), has developed a technical assistance and lending program designed to support rural entrepreneurs in creating viable businesses that generate employment opportunities, encourage investment and support sustainable development in their communities. The program targets a range of businesses or business sectors whose activities help to either mitigate some of the disadvantages of a rural location or to leverage those advantages that rural businesses inherently possess. These businesses constitute an "essential core" of economic activity which can sustain itself in a rural environment. Examples include businesses that produce value-added products from local raw materials, that serve a community's basic needs, that provide essential business-to-business services or that support the community's rural identity.

Eligible businesses must be located in a rural area within the CNY EDC's five-county service area. Businesses can take any legal form and can employ no more than 10 full-time workers at the time of application. The Central New York RMAP pursues a two-pronged approach to assisting rural entrepreneurs: it seeks to provide entrepreneurs with both the technical and financial tools necessary to successfully operate a small business. Applicants must complete a minimum of 10 hours of technical business training through a combination of NYS SBDC coursework and one-on-one counseling prior to receiving loans through the program.

Loans may be used to acquire or improve real property, to purchase capital equipment or to fund permanent working capital needs. Loan amounts can range up to \$50,000, but can be no more than 75% of the total project cost. Loans are secured by appropriate collateral and the personal guarantees of the owners and/or principals. A 10% equity investment is required.

Administration

Applications may be obtained from the CNY RPDB or downloaded from the agency's website at www.cnyrpdb.org. A non-refundable application fee of \$100 must accompany all completed applications. Financing requests are reviewed by staff and submitted to the CNY EDF Loan Advisory Committee for review and recommendations. Final decisions are made by the CNY EDC Board of Directors. Applications are processed on a monthly basis.

For more information about this program, contact Michael Rosanio, Regional Loan Manager, Central New York Regional Planning and Development Board, 126 North Salina Street, Suite 200, Syracuse, NY 13202, (315) 422-8276 or e-mail at mrosanio@cnyrpdb.org.