

## MEDC Lending Guidelines **(FOR INFORMATIONAL PURPOSES ONLY)**:

For profit businesses that are seeking financing for a project that will retain or increase employment. Higher consideration given to:

- Minority business Enterprises
- Disadvantaged Business Enterprises
- Target Areas (Block Grant, New Markets, CDFI)

### Ineligible businesses:

- Passive real estate or Residential real estate
- Taverns
- Gun Shops
- Tattoo parlors
- Adult video/entertainment operations
- Businesses consisting predominantly of the development or holding of intangibles for sale or license.
- Private or commercial golf course
- Country club
- Massage parlor
- Hot tub facility
- Suntan facility
- Race track or other facility used for gambling
- Any store the principal business of which is the sale of alcoholic beverages (liquor stores) for consumption off the premises.

### General Requirements:

- Machinery and Equipment, furniture and fixtures, leasehold improvements, real estate purchases, construction, long term working capital.
- No debt refinancing unless there is a new project involved or to replace interim financing within 12 months of issuance.
- Participating Lender at 50% or more unless a shared participation loan
- Equity Investment of no less than 10%, may be borrowed but must be subordinate
- Personal Guarantee of 20% or greater owners
- Loan term to match participating lenders
- Amortization to match the participating lender or the estimated life of the asset
- Assignment of life insurance on primary individuals and/or succession plan
- 2<sup>nd</sup> position on collateral, subject to participating lenders lien, or

- Priority lien on specific assets
- Debt service coverage of no less than 1.1:1.
- Collateral coverage of 1:1 or guarantee or other risk mitigation
- Positive tangible net worth
- Satisfactory appraisal
- Satisfactory environmental assessment
- Satisfactory CCAP review
- Satisfactory lien search
- Title insurance
- Acceptable liability/general business insurance
- Current on all taxes (real estate, payroll, income, sales, etc.)
- Valid operating permits
- No active DNS orders
- Quarterly financial statements
- Annual financial statements and tax returns
- Updated personal financial statement of guarantor and tax returns
- Annual employment survey
- Assets must remain in area
- Other financial covenants as deemed necessary or required by participating lender
- Application
- Credit report
- Automatic loan payment
- Annual site visit
- No prepayment penalty
- No upfront fees, cost of attorney prepared loan documents