

## LOAN SERVICING & ADMINISTRATION

- The Northeast Tennessee Economic Development Corporation will package and service the BDLF loan.
- The Northeast Tennessee Economic Development Corporation was formerly the First Tennessee Economic Development Corporation and has been making loans since 1991.

## ELIGIBLE AREAS

- Companies in Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington Counties.

## BENEFITS

- ✓ **FIXED INTEREST RATES**
- ✓ **LOW INTEREST RATES**
- ✓ **LOW DOWN PAYMENT**
- ✓ **UP TO 90% FINANCING**
- ✓ **JOB CREATION AND RETENTION**
- ✓ **POSITIVE ECONOMIC IMPACT ON COMMUNITY**

Northeast Tennessee Economic Development Corporation  
c/o First Tennessee Development District  
3211 North Roan Street  
Johnson City, TN 37601-1213



**Northeast Tennessee  
Economic Development Corporation**



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Equal Opportunity  
Lender



## SUMMARY

The Business Development Loan Fund (BDLF) assists companies with projects that create jobs for the region. The loan decision is made locally.

## PURPOSES

- Job creation. One job to be created for every \$20,000 of BDLF funds within two years. Variation in job ratio is considered.
- Provide long-term fixed asset financing (land, building, machinery and equipment), and permanent working capital.
- Public and private sector financing.

## PROJECT FUNDING

- Private-sector financing can be bank, savings and loan, an individual, or other non-governmental source.
  - Lenders set interest rate and fee structure on their portion.
  - Collateral for financial institutions will be, in most cases, a first mortgage if bank funds majority of project.
  - Private-sector financing must be at least 50% of the total cost.

- Subordinated public-sector financing funded through the Business Development Loan Fund.
  - Interest rate is fixed, up to three percent below the Wall Street Journal prime rate, at the time of the loan closing. The minimum interest rate is four percent.
  - Term: Building up to 20 years, equipment up to 7 years, working capital 2-5 years.
  - A minimum of 10% from the small business being assisted. Cash or land equity.
  - Closing costs of 2 points plus legal costs.

## PROJECT SIZE

- BDLF's maximum participation is not to exceed \$150,000.

Example:

50% (bank)	\$187,500
40% (BDLF)	150,000
10% (company)	<u>37,500</u>
TOTAL	\$375,000

- BDLF's minimum participation is \$25,000.
- Size not limited as projects with greater than 50% bank participation are encouraged.

## ELIGIBLE BUSINESSES

- Manufacturing
- Distribution
- Services
- Must be a for-profit corporation, partnership or sole proprietorship.

## INELIGIBLE BUSINESSES

- Retail businesses
- Restaurants
- Passive investment companies
- Non-profit corporations
- Unregulated media firms
- Hotels
- Recreation businesses

## ELIGIBLE PURPOSES

- Acquisition of machinery and equipment
- Construction or acquisition of building
- Acquisition of land (actual costs)
- Parking lots
- Utility Installation
- Contingency fund of not more than 10% of the construction costs
- Associated professional fees such as appraisal, environmental and legal
- Repayment of interim financing interest
- Permanent working capital