

## PDC Business Loan Programs

### DIRECT LOAN

#### Purpose:

This is PDC's primary business loan program. Its purpose is to improve local economic conditions by creating new jobs or helping retain jobs that, without the PDC funding, might be lost. At least 51% of the borrower's employees cannot exceed certain income criteria for the 12-month period prior to loan approval (income criteria varies from county to county). PDC also encourages leveraging other financing of \$4 to each \$1 of PDC financing. Interest rate cannot exceed 2% over prime.

#### Terms and Use of Funds:

The maximum amount of this loan is \$100,000, or greater with the approval of the State Financial Review Committee (FRC). The repayment term is up to 10 years with interest set up to 2% over the New York Prime interest rate. Loan proceeds can be used to purchase real estate or buildings, to buy a business, equipment, furniture, fixtures and inventory, and for working capital. Loan proceeds cannot be used for construction or to refinance existing debt.

#### To Qualify:

The borrower must provide a business plan and have good credit. The borrower also must inject equity into the project, personally guarantee the loan, and meet employment requirements.

### MICRO ENTERPRISE LOAN

#### Purpose:

This program allows loans up to \$100,000 to businesses meeting national employment objectives. An eligible business will have five or fewer employees including the owner. Other restrictions might apply.

#### Terms and Use of Funds:

The loan limit is \$100,000 with repayment terms up to 10 years. Interest rates cannot be less than 2% below, nor more than 2% above the New York Prime rate. Collateral will be considered on an individual basis. Loan proceeds can be used to purchase real estate or buildings, to



buy a business, equipment, furniture, fixtures and inventory, and for working capital. Loan proceeds cannot be used for construction or to refinance debt.

#### To Qualify:

Cash flow projections must indicate the ability to repay the loan. The business must meet zoning requirements and employment objectives. The owner must have good credit, must invest money into the project, and must have sufficient collateral to secure the loan.

### GUARANTEED LOAN

#### Purpose:

This loan will help guarantee repayment of a loan made by a bank to an eligible business that without the PDC loan guarantee could not be made. PDC can guarantee up to 50% of a loan of \$80,000 or less.

#### Terms and Use of Funds:

The maximum amount of the loan depends on the lender, but guarantees cannot exceed 50% of the bank loan, nor can the PDC guarantee exceed \$80,000. The bank determines the interest rate and conditions of the loan, but the term cannot exceed five (5) years. Loan proceeds can be used to purchase real estate or buildings, construction, to buy a business, equipment, furniture, fixtures and inventory, and for working capital.

#### To Qualify:

The bank requests the guarantee from PDC and is responsible for submitting financials, preparing an analysis and providing a credit history.

### PDC MINI-LOAN

#### Purpose:

The loan limit is \$25,000 with a maximum repayment period of five (5) years. Interest rates cannot be lower than 3% below, nor higher than 3% above, the New York Prime rate. Funds can be used to purchase a business or real estate, to provide working capital, complete construction or remodeling, to purchase equipment, furniture, fixtures and inventory. Refinancing or existing debt is limited.



#### To Qualify:

Private lending should be sought prior to submitting a PDC Mini-Loan application. The borrower should obtain a letter of commitment from the lender. Cash flow projections must indicate the ability to repay the loan. The borrower must have a good credit history, have capital invested in the business, and have sufficient collateral to back the loan. The business should provide positive benefits to the community.

### DISASTER LOAN

#### Purpose:

The disaster loan can assist businesses in PDC's four-county service area that are directly affected by a natural or other disaster. PDC considers disaster eligibility on a case-by-case basis.

#### Terms and Use of Funds:

The maximum loan amount is \$5,000, with repayment up to three years at a 3% interest rate. A 1% loan origination fee is required and certain restrictions may apply. The loans are considered signature loans and do not require collateral. Funds may be used for working capital, clean-up, repair or replacement of equipment, furniture, fixtures and inventory affected by the disaster.

#### To Qualify:

Owners must demonstrate strong management abilities, have good credit and a positive net worth. The business should have been profitable before the disaster.

### PDC REVOLVED LOAN

#### Purpose:

The PDC Revolved Loan is similar to the Direct Loan, but it can be used only if the Direct Loan funds are not available, or if the borrower does not meet the Direct Loan requirements. The business is expected to create or retain one job for each \$20,000 borrowed.

#### Terms and Use of Funds:

Maximum loan amount is normally \$100,000, with an interest rate no lower than 3% below, and no higher than 3% above, the New York Prime



interest rate. Repayment term is up to 10 years. Funds can be used for purchasing real estate for working capital, construction, remodeling equipment, furniture, fixtures and inventory. PDC attempts to leverage other funding by \$4 to PDC's \$1.

#### To Qualify:

Cash flow projections must indicate the ability to repay the loan. Borrowers must have sufficient experience and skills in the related business. The financial condition of the business and the borrower must be sound and there must be a good credit history. Adequate collateral and other requirements are necessary, as well as the availability of funds.

### Housing Loan Programs

The Prairie Development Corporation, using federal and private funds, operates the Housing Improvement Program, offering down payment assistance and other home ownership loan programs, housing rehabilitation and emergency repair loans for owner-occupied units.

The overall goals of the housing programs are to increase and maintain the stock of affordable housing for low- to moderate-income households in the area, and to ensure such housing has no major safety or health hazards.

Households using these programs must:

- Reside in PDC's four-county service area;
- Use the homes as their principal places of residence;
- Meet certain maximum income guidelines.

In addition, homes must meet minimum housing quality standards. Interest rates and repayment terms vary, depending on the program and/or individual circumstances.







## The Prairie Development Corporation

The Prairie Development Corporation is a 501(c)(3) nonprofit economic development organization serving and promoting communities and businesses in Cheyenne, Elbert, Kit Carson and Lincoln counties on the Central Plains of Colorado. PDC works to diversify the economic base through a number of loan programs and services for start-up and expanding businesses. Prairie Development also provides down payment assistance loans and housing rehabilitation loans for qualified low to moderate income applicants. A board of nine directors governs the Prairie Development Corporation.

### PDC Business Loan Programs

All of the PDC business loan programs are designed to fill a gap in financing. A gap is defined as the amount of a project that the borrower and a primary lender cannot finance. PDC can fill the gap in the project. A primary lender (such as a bank) is usually required to participate in all of the PDC loan programs except for the disaster loan. The borrower must have an acceptable credit score and contribute a minimum of 15% equity. Collateral is required.

Common loan criteria include:

- Experience in the type of business for which financing is required
- Good credit
- Equity to put into the business
- A business plan indicating that the business operation can produce an adequate cash flow to pay back all loans and make a reasonable profit for the owner

PDC will not finance a new business that would saturate the market. PDC business loan programs include an application fee of \$50 and a modest loan origination fee. All loan programs have certain restrictions and the following

types of businesses are exempt from funding: gambling, pyramid operations, net-working, real estate development, non-profit organizations and agricultural (except for agricultural processing and services). Loan proceeds cannot be used for payment of delinquent taxes or to repay capital contributed by owners. All business loan applications are reviewed by the PDC Loan Committee.

Applications should be received by the PDC, along with a complete business plan, at least 15 days prior to the loan committee meeting.

### Regional Marketing

The Prairie Development Corporation works closely with the East Central Council of Local Governments in promoting the economic development of the four-county region. PDC has initiated a "Colorado's Central Plains" marketing campaign using high quality professionally designed promotional materials. PDC maintains a comprehensive regional web site highlighting economic development opportunities in the four-county area.

### Our Journey

The development of Colorado's Central Plains occurred in several distinct phases unrelated to the gold rush and "wild west" experiences commonly perceived as representing the history of all of Colorado. The Prairie Development Corporation continually undertakes an annual Heritage Tourism marketing program promoting the region's museums, historic sites, events, antiquing and photography opportunities.

[www.ourjourney.info](http://www.ourjourney.info)



## East Central Enterprise Zone

Colorado's enterprise zone program provides certain state income tax credits and other incentives for private enterprise to expand or for new businesses to locate within a state enterprise zone area. All of Cheyenne, Kit Carson and Lincoln counties, and most of Elbert County, lie within the East Central Enterprise Zone. A business located within these boundaries may be eligible for certain state income tax credits, including investment tax credits, job tax credits, research and development tax credits, and other credits and incentives. For detailed information on the Enterprise Zone credits and instructions for filing: [www.advancecolorado.com/ez](http://www.advancecolorado.com/ez). Specific tax questions should be directed to the Department of Revenue or to your CPA.

# Prairie Development Corporation

## CREATING OPPORTUNITIES

...on Colorado's Central Plains

COLORADO'S CENTRAL PLAINS



*Here, it's easier to see what's important.*

For additional information, contact:

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