# Providing Solutions to Help Small Business

The Business Lending Department provides technical assistance and direct loans to eligible businesses through federally funded financing programs.

From startup to expansion, PADD can offer a solution to meet the capital needs for small businesses in the Purchase Area.

## Who We Are

**The Purchase Area Development District is a partnership organization that offers support to city and county governments in the 8-county region of Western Kentucky. This region includes the counties of Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Marshall, and McCracken.**

## What We Offer:

### Technical Assistance

The PADD Business Lending Department works with partners such as the SBA Small Business Development Center and Murray State University to provide assistance from business plan development to business coaching/mentorships.

### Access to Capital

The PADD provides access to capital through direct loans from the United States Small Busines Administration (SBA), Economic Development Administration (EDA), and United States Department of Agriculture (USDA) loan programs to eligible businesses .

### Access to Resources

PADD works directly with the following agencies:

SBA U.S. Small Business Administration

Kentucky UNBRIDLED SPIRIT

USDA United States Department of Agriculture

## Our Programs:

### SBA Microloan

- **$5,000-$50,000**
- **Working Capital**
- **Startups or Existing Business**
- **Terms up to 7 years**

### SBA 504 Program

- **$60K -$5 million**
- **Fixed Assets (real estate, expansion, equipment, construction)**
- **Startups or Existing**
- **Terms up to 25-years**
- **1 job for every $90K-$120K (Manufacturing)**

### Economic Development Administration Revolving Loan Fund

- **$5,000-$250,000**
- **Working capital, RE, equipment**
- **Terms up to 20 years**
- **1 job for every $25,000 borrowed**

### USDA Intermediary Relending Program

- **$5,000 to $150,000**
- **Working Capital, RE, Equipment**
- **Startup or Existing**
- **Terms up to 10 years**
- **1 job for every $25,000 borrowed**

## Contact Us

270-251-6117
bizloans@purchaseadd.org
www.purchaseadd.org

# Business Loan Eligibility Guidelines

**To Qualify for PADD Lending An Applicant Must Meet the Following Guidelines**

## Eligible Business

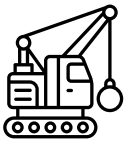
- **Existing or Startup**
- **Must Be a For Profit Business**
- **Must be registered and in good standing with the Kentucky Secretary of State before loan closes**
- **Cannot be a sole proprietor**
- **Must employ more than 1 individual**
- **Must be located in Ballard, Calloway, Carlisle, Fulton, Graves, Hickman, Marshal, or McCracken County**
- **No Prior Delinquent Federal Debt**

## Eligible Use Of Funds



### Purchase Land or Buildings

- Must be for commercial use
- Business must occupy 51% of the building
- Rental or residential property is not eligible
- Appraisal and Title Work Required



### Purchase Equipment

- Can include shipping and installation costs
- Must provide sales invoice
- Vehicles must be for commercial use



### Leasehold Improvements

- Must be for commercial use
- PADD must obtain landlord waiver
- Lease must match term of loan



### Working Capital

- Capital needed for business operations
- Applicant should have at least 10% of its total working capital needs reflected on its most current balance sheet or financial statement

## Loan Requirements

### Documentation

- **PADD Application**
- **3-Years Business Tax Returns**
- **3-Years Personal Tax Returns**
- **Interim Financial Statement w/in 90 days**
- **Personal Financial Statement**
- **Sales Invoices/Purchase Contracts/Quotes**
- **Construction Quotes**
- **Personal Information Sheet or Resume for All Owners**

### Borrower Injections

- **PADD Cannot Provide 100% Financing On Any Project**
- **Borrower Must Have Minimum 10% Cash or Equity Injection**
- **Injection May Be Cash Down Payment or Equity in Collateral Pledged**
- **SBA 504 Injections Include Additional 5% Injection for Startup and 5% For Special Use Properties**

### Startup Requirements

- **Business Startups Must Provide a Business Plan with Financial Projections and Assumptions**

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# Business Loan Collateral Guidelines

**PADD Programs Are Federal Funds and Must Be Secured by Collateral**

## Eligible Collateral

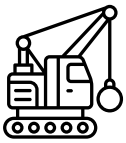
- **Commercial Real Estate**
- **Personal Real Estate**
- **Vacant Land**
- **Personal or Commercial Vehicles**
- **Equipment**
- **Tangible Business Assets**
- **Cash (Checking or CD Assignments)**
- **Inventory**

## Loan To Value Limits



### Land or Buildings

- 90% SBA 504
- 85% SBA 504 Startup
- 85% SBA 504 Special Use Property
- 80% SBA 504 Startup & Special Use Property
- 85% All Other PADD Programs



### Equipment, Vehicles, Inventory

- 75% Specialized Equipment
- 50% Non-Specialized Equipment
- 50% Inventory



### Cash

- 100% of Eligible Cash Balance

## Lien Requirements

### Real Estate

- **Mortgage Will Be Filed On Property**
- **Appraisal or Tax Value To Confirm Value**
- **No Outstanding Tax or Judgement Liens**
- **PADD Will Need Best Available Lien Position**

### Titled Collateral

- **Vehicles, Trailers, Motorcycles, etc.**
- **PADD Will TItle Lien Statement**
- **Borrower Must Provide VIN # and Serial #**
- **Value Confirmed With NADA or Blue Book Value or Sales Invoice**

### Startup Requirements

- **Business Startups Must Provide a Business Plan with Financial Projections and Assumptions**
- **Global Cash Flow Must Meet 1.25xx**


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