



ExciteSussex Loan Program

History of the County's Loan Program



- 2004 - \$1 million was set aside in the FY04 budget for the creation of the Sussex County Economic Development Loan Program
- 2005 through 2012 - 4 loans were awarded
- 2013 - A grant component was added to the program - 2 grants were awarded
- As of 6/30/17, available balance in program was \$752,621

Current Loan Program



- Available to assist businesses with a low-interest loan for the development of economically beneficial programs and in particular new job creation
- Applications are reviewed in house and by an economic development committee
- Loan documents are drawn up by the Finance Director and legal
- Maximum loan amount is \$250,000 with no more than 15 years repayment terms.

Proposed Loan Program

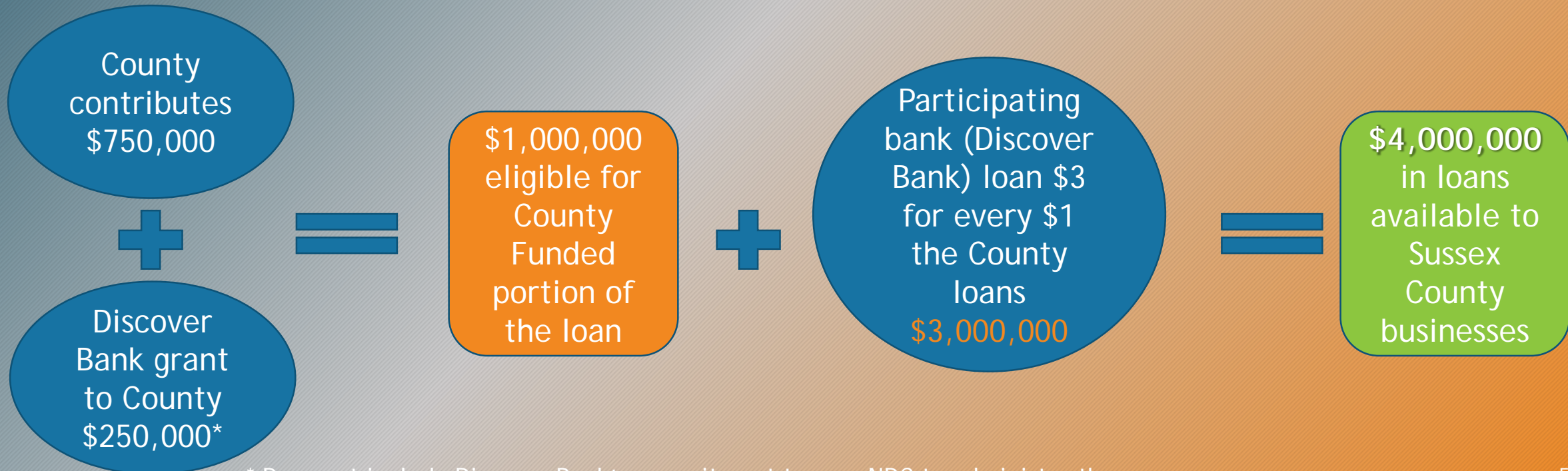


- A partnership with Discover Bank, and The National Development Council (NDC), to provide below market interest rates and long term loans to help companies grow their businesses in Sussex County
- Loans can range from \$250,000 to \$1,000,000
- Depending on the use of the loan, payment terms can range from 10 to 25 years

Proposed Loan Program



Through the partnership with Discover Bank, the County's program will grow from \$750,000 to \$4,000,000. If other join, the fund will grow larger.



* Does not include Discover Bank's commitment to pay NDC to administer the program

Proposed Loan Program – Eligibility



- Existing business for at least 2 full years
- 10 to 500 full-time employees (subject to SBA size standards by industry)
- Real estate investment or development projects and financing entities do not qualify
- Must have the following public benefit:
 - Creation and retention of permanent, full-time jobs
 - Located in a Sussex County Economic Development Zone within the grid



Proposed Loan Program - Process



- Interested business submits their business plan to Sussex County Economic Development Office (SCEDO)
- SCEDO will review their business plan and verify they are located in the economic development target areas
- SCEDO will connect the business to National Development Council to begin the application process
- National Development Council will review the application based on criteria set by SBA 7 a guidelines. There is no application fee.
- If approved, the loan agreements will be handled by NDC.
 - The applicant pays a 1% deposit at commitment letter signing
 - The applicant pays a fee for the SBA guarantee (all closing costs may be financed through the loan)

Proposed Loan Program – FAQ's



- What guarantees and collateral are required?
 - Personal guarantees are required from individuals with >20% ownership
 - Security interest in all available collateral
 - For real estate: flexible loan-to-value, depending on underwriting
- What is the interest rate?
 - The County portion (18.8% of the entire loan) will be at 1%. The Discover Bank Grant to Sussex County of \$250,000 (equals 6.2% of the total fund) at 0% interest. The 75% of the loan fund (\$3,000,000) will be at 2.94% includes fees for servicing. The pricing for the 75% of the loan fund is based upon 7 year treasury that will change over time and the SBA 7a guidelines.

Effective rate of 3.94% as of December 1, 2017

- What reporting is required?
 - Annual financial statements or tax returns



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