

# Simplifying Lending



## Who are we?

The North Central Economic Development Association (NCEDA) is a 501(c)(3) affiliate organization of the Region Five Development Commission (R5DC) and was established in 1986 by R5DC in part due to the receipt of a U.S. Department of Commerce, Economic Development Administration grant.

## What do we do?

A goal of NCEDA is to create or retain permanent private sector full-time jobs in the region. By providing capital for business development and expansion, NCEDA provides an option for commercial businesses unable to obtain adequate, affordable funding from the private capital marketplace.

By providing financial assistance in the region, NCEDA provides entrepreneurship opportunities for small-business persons, increases manufacturing activity, supports innovative products and processes, and retains one job for every \$10,000 of NCEDA funds lent.

We want your business to succeed, which is why we offer technical assistance to our borrowers through one-on-one assistance, webinars, workshops, and recommended videos and books.

NCEDA provides lending through programs for homeowners for Septic Systems and Well Water.

Our mission is to provide assistance to cultivate new skills and resources that unite communities and contribute to a prosperous economy.

## What types of lending do we offer?

### Household Water Well System (HWWS) Loans

- Eligible Costs: repair, replacement, relocation of an existing well
- No Income Limits
- Terms: 3% for up to 5 years
- Must show repayment ability

### Individual Septic Treatment (ISTS) System Loans

- Eligible Costs: repair or replacement of existing system, relocation from an environmentally sensitive area, mandatory city sewer system hookup
- No Income Limit
- Terms: 3% for up to 5 Years
- Must show repayment ability
- Available to land owners in Region Five

### Revolving Loan Fund (GAP Financing)

- Loans available from \$35,000.00 to \$100,000.00
- A minimum of 10% owners' equity/cash is required
- Federal EDA guidelines
- Eligible Costs: machinery, equipment, working capital, new construction or renovation, acquisition and/or improvement of land, building, plant and equipment
- Requires 50% of financing provided by a primary lender
- NCEDA requires one job to be created/retained for every \$10k in loan amount funded
- Ineligible use: professional fees, refinancing, acquisition of property for lease and lines of credit
- Terms: vary by loan, competitive interest rates available, up to 10 years
- Non-refundable application fee: up to \$200

### Micro-Lending (RMAP)

- RMAP service businesses in ten counties: Cass, Crow Wing, Chisago, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Todd and Wadena
- USDA-backed funding in partnership with R5DC and East Central Regional Development
- Loans available from \$1,000 to \$50,000
- Mandatory 25% owner equity requirement
- Eligible applicants constitute small business startup or expansion projects
- Eligible activities include acquisition and expansion projects
- NCEDA requires one job to be created/retained for every \$10k in loan funds
- Ineligible use: new construction, fraternal, lobbying, golf courses, race tracks and lines of credit
- Terms: interest rate is 2% above prime, up to 10 years
- High level of technical assistance provided
- Federal USDA guidelines
- Nonrefundable application fee: \$100

### Minnesota Emerging Entrepreneur Loan Program (ELP)

DEED provides funds to a network of non-profit lenders which use these funds for loans to start-up and expanding businesses throughout the state. The program aims to provide jobs for minority and/or low-income persons, create and strengthen minority business enterprises, and promote economic development in low-income areas. DEED provides ELP funding to certified non-profit partners to make loans to Minnesota businesses that are majority owned and operated by minorities, low-income persons, women, veterans and/or persons with disabilities. Businesses should apply directly with NCEDA (a certified lender). Once the lender approves the loan, they will forward the loan package to DEED for approval by the commissioner and disbursement of funds for the project.

# Lending Programs



Program	Interest	Max Loan Length*	Available to Borrow	Equity Req'd	Application Fee	Eligible Applicants	Eligible Use	Ineligible Use
NCEDA - GAP	competitive, vary by loan	5-10 Years	\$35,000-\$100,000	10%	Up to \$200	small business start-up or expansion in R5DC region	equipment, new construction	refinancing and lines of credit
MICRO	2% above prime	5-10 Years	\$1,000-\$50,000	25%	\$100	small business start-up or expansion in 10 Central MN counties	acquisition and expansion	new construction, fraternal, lobbying, golf courses, race tracks and lines of credit
ISTS	3%	5 Years	cost of system	10% of amount over \$5K	\$50	landowners in R5DC region	repair and replace	new construction
HWWS	3%	5 Years	cost of system	0	\$50	landowners in R5DC region	repair and replace	new construction
ELP	Terms are similar to MICRO program. Contact us for details!							

\*Term is at the discretion of NCEDA Loan Board.

## Our History

The Region Five Development Commission was established in 1973 through the Regional Development Act of 1969. NCEDA is a 501(c)(3) affiliate organization of R5DC and was established in 1986 by R5DC in part due to the receipt of a U.S. Department of Commerce, Economic Development Administration grant. The work of NCEDA is to advise the Commission on lending industry standards and best lending practices for our five lending programs (gap business loans, micro-lending, entrepreneur loan program, septic system and well water loans). The Gap loans were initially funded by a US Department of Commerce – Economic Development Administration in the early 1980's and provides gap lending for new and expanding businesses. The Micro-enterprise fund was supported by USDA Rural Development and start up funds from Otto Bremer Foundation, the Initiative Foundation and the Blandin Foundation in 2012. Region Five administers two additional loan pools: 1) Individual Septic Treatment Systems funded through the Department of Agriculture and 2) a pool for Household Water Well Systems funded by USDA Rural Development. NCEDA has an interdependent relationship with R5DC and contracts all accounting and professional services to R5DC staff. This arrangement is mandated by program agreements and has proven to be mutually beneficial for 30 years.

Region Five Development Commission (NCEDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation and marital or family status. For individuals who are deaf, hard of hearing, deaf-blind or speech disabled, please use the Minnesota Relay service by dialing 7-1-1.



**Stephanie Barney**  
 Business Loan Developer  
 Office: 218.894.3233 Ext. 6  
 Direct: 218.894.5201  
 Cell: 218.371.5968  
 sbarney@regionfive.org