

What is the SEARP&DC IRP?

The SEARP&DC Intermediary Relending Program (IRP) is a locally controlled source of capital used to provide a resource for rural small businesses whose projects will create permanent jobs and leverage private sector investment. As borrowers repay their IRP loans, the principal and interest payments are returned to the fund for lending to other businesses to create more jobs and investment opportunities. SEARP&DC has a repayment obligation to USDA, thus IRP loans must be adequately secured by real estate mortgages or other acceptable collateral.

What Businesses are eligible?

The rural businesses targeted for IRP financing are:

1. Small manufacturing companies.
2. Manufacturing related services.
3. Developing services that have a uniqueness or technology that will add value to the District's economy.
4. Other businesses that may help a community improve its development potential.

Generally, retail businesses are not eligible.

How can funds be used?

Proceeds from IRP loans can be used to:

- * Purchase land & buildings.
- * Construct new buildings or renovate/modify existing buildings.
- * Purchase machinery & equipment.
- * Provide for permanent working capital.

What are the Advantages?

There are several advantages to utilizing the SEARP&DC IRP for both borrowers and participating lenders.

Attractive Interest Rates

Interest rates on IRP loans are generally fixed, below prime rates and are determined by project needs. By combining IRP and other financing sources with longer terms, borrowers can realize an effective rate below prevailing market rates.

Bank Participation

The IRP was not established to be a lender of last resort. Instead it was established to provide a capital resource to sound qualifying small businesses in rural areas of the Southeast Alabama region.

Commercial bank participation along with IRP loan funds may allow projects to obtain favorable rates and long term financing terms allowing rural development projects to obtain acceptable financing terms needed.

Local Control

The IRP program is a regional economic development initiative. All decisions are made locally by the 9-member SEARP&DC Loan Administration Board which is representative of the regional community. This local emphasis means prompt response time to IRP loan requests and a minimum of "red tape" for borrowers and participating lenders. However, USDA program regulations do apply.

IRP Guidelines:

Borrowers obtaining IRP loan assistance must create/retain permanent jobs in eligible rural areas.

- IRP loans can finance up to 49% of the total project costs.
- Businesses must provide 10% to 20% of the project cost in equity.
- Below prime interest rates are available.
- Loans available from \$25,000 to \$150,000.
- Loan terms available up to 15 years
- Principals and businesses must be creditworthy and demonstrate sufficient cash flow to repay debt.
- Principals of the business must furnish personal guarantees.
- Hazard and key man insurance naming SEARP&DC as loss payee is required.
- Borrower is responsible for all legal and closing costs associated with the IRP loan transaction.
- Borrowers must pay a one time processing fee of 1.5% of the IRP loan amount due at the time of loan closing.
- Businesses must be located in Barbour, Coffee, Covington, Dale, Geneva, Henry or Houston Counties. (Projects within the City limits of Dothan are ineligible due to its urbanized classification by USDA)
- Agricultural production loans are not eligible.
- Businesses must have minimum of 51% U.S. citizen ownership.

The Southeast Alabama Regional Planning & Development Commission and its member counties was designated as an Economic Development District by the U.S. Department of Commerce Economic Development Administration on April 11, 1970. The agency receives assistance annually for economic development planning and technical assistance.

Services provided by SEARP&DC include:

1. Business Prospect data service.
2. Economic Development Information on business assistance programs.
3. Community Development Block Grant (CDBG) Infrastructure Grant and Loan packaging.
4. USDA Rural Development Loan and Grant Packaging Services.
5. Economic Development Administration planning, technical assistance, grant and loan services.
6. Assistance with State CDBG Site Improvements Grants and other state business development programs.
7. Small Business Administration referrals.
8. Economic Development Marketing Services.



“The Intermediary Relending Program is funded through the United States Department of Agriculture/USDA and is intended to provide business development assistance capital in rural areas of the Southeast Alabama region”

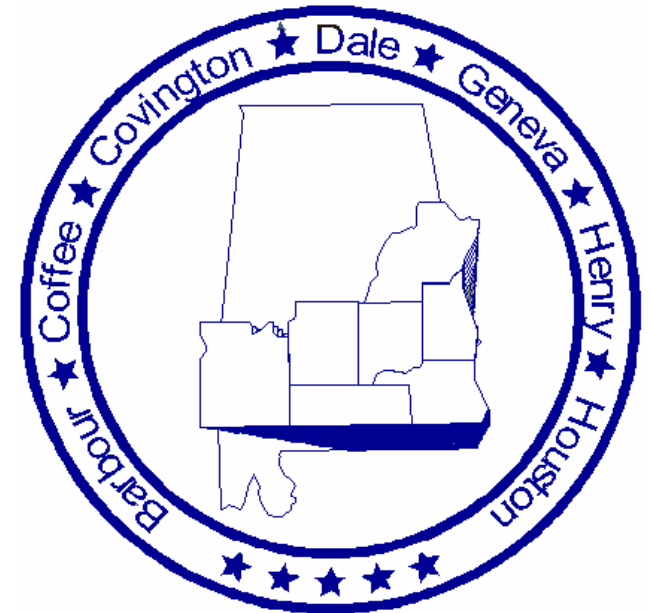


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For more information on the IRP Program and other Commission Services, Please Contact:

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INTERMEDIARY RELENDING PROGRAM



*“A Capital Resource for
Southeast Alabama Rural
Businesses”*