



**Division of Small Business  
& Technology Development**

# **Access to Capital Webinar**

**Empire State Development**

**A Division of Empire State Development**

5/3/2019

# Division of Small Business & Technology Development

Small businesses make up 98 percent New York State businesses and employ more than half of New York's private sector workforce.

- Empire State Development's Division of Small Business & Technology Development supports the development and expansion of businesses with under 100 employees – directing an array of programs and initiatives supporting small business growth and helping entrepreneurs maximize opportunities for success.

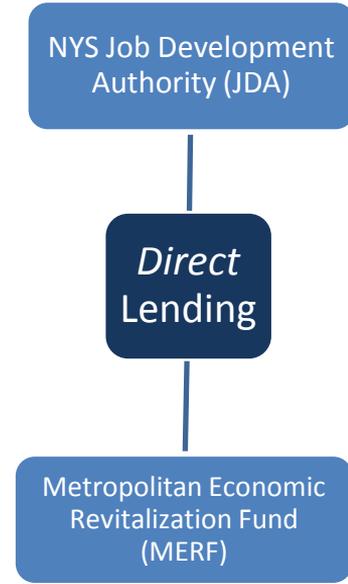
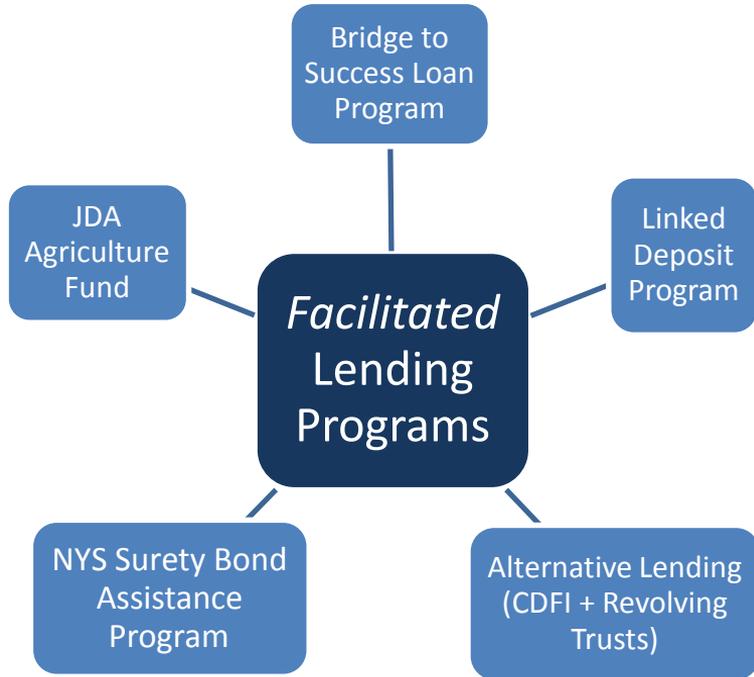
Three major groups of programs:

- Technical Assistance Programs for Small Businesses (including NYSTAR)
- NYS Procurement Assistance and Related Programs
- **Lending Programs and Financial Resources (today's topic)**



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# Lending Programs and Financial Resources Overview



# FACILITATED LENDING PROGRAMS



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# “Bridge to Success” Loan Program

The “Bridge to Success” Loan Program aims to provide qualified Minority and Women-owned Business Enterprises (M/WBEs) with access to short-term bridge loans necessary to execute contracting opportunities across New York State.

- Short-term working capital loans are available to qualified NYS-Certified M/WBEs to boost their ability to participate in government contracting opportunities within New York State.
- Loans typically range from \$75,000 to \$200,000 or more with lending periods up to 24 months.
- Participating lenders make credit decisions and determine interest rates and applicable fees and are the primary point of contact for borrowers.
- Website: <https://esd.ny.gov/bridge-success-loan-program>

## Participating Lenders:

**New York Business Development Corp (NYBDC)** – Statewide – (518) 694-8552

**SEFCU** – Western NY, Finger Lakes, Southern Tier, Central NY, Mohawk Valley, Capital District – (866) 733-2880 x2785

**TruFund Financial Services** – Mid-Hudson, Long Island, New York City – (212) 204-1351

**Carver Federal Savings Bank** – New York City – (212) 360-8847

**Tompkins Mahopac Bank** – Mid-Hudson – (845) 278-1083



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# Linked Deposit Program (LDP)

The Linked Deposit Program (LDP) can help your business obtain an interest rate reduction on a mortgage or term loan that will:

- Improve their competitiveness
- Expand their markets, develop new products
- Introduce new technologies
- Facilitate ownership transition
- Modernize their equipment, increase their capacity or capabilities
- Expand their facilities, purchase real estate or make building renovations

**The program provides up to a two (or three for M/WBEs) percentage point savings on the prevailing interest rate for "Linked Loans," to make borrowing less expensive. Eligible businesses can obtain loans from commercial banks, savings banks, savings and loan associations, farm credit institutions and the New York Business Development Corporation.**

**70** Participating **Lenders** as of 11/8/2018



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# Linked Deposit Program (LDP) continued

## Business and Project Eligibility Requirements

### Eligible Borrowers:

*Manufacturing Firms with 500 or fewer full-time NYS-based employees*

*Service Businesses independently owned and operated (not dominant in their field), with 100 or fewer full-time NYS-based employees.*

### Not Eligible:

*Start-up businesses (those that have no sales and/or employment).*

*Companies that are headquartered outside of New York State.*

### **Also Not Eligible\*\*:**

*Businesses that provide a personal service (those that sell a service rendered personally by an individual for another individual)  
(e.g., day cares, funeral homes)*

*Professional services (e.g., health, legal, accounting, engineering, educational)*

*Retail services (e.g., restaurants, entertainment, grocery stores, etc.)*

**\*\* Unless the business employs 100 or fewer in NYS and is located in a highly distressed census tract.**

*(or is Empire Zone Certified and investing in their facility located in the Empire Zone)*

**Contact:** (518) 292-5261 or [linkeddeposit@esd.ny.gov](mailto:linkeddeposit@esd.ny.gov)

**Website:** <https://esd.ny.gov/linked-deposit-program>



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# NEW FEATURE – Record Disclosure for NYS Certified M/WBEs for the Bridge to Success and Linked Deposit Programs

NYS Certified M/WBEs can now choose to streamline their application process by authorizing the disclosure of their certification documents to Bridge to Success and Linked Deposit participating lenders in order to help streamline the application/documentation process.

Each business owner initials and signs an ESD disclosure form which the lender submits to the agency.

#### PERSONAL NET WORTH

- Personal federal and state income tax returns

#### SMALL BUSINESS REQUIREMENT

- Certification Application
- Research on company indicating number of employees

#### OWNERSHIP

- Detailed narrative explaining the history and ALL changes in ownership leading up to the inception of the company to present, including all supporting documentation such as minutes of the meeting memorializing each change of ownership and details about capitalization.
- Operating Agreement
- Corporate by-laws
- Articles of incorporation
- Articles of organization
- Certificates of Business Name file with County Clerk

#### CAPITALIZATION

- Bank statements; purchase agreements; buy-out agreements and loan agreements

#### RISKS AND BENEFITS

- Schedule K-1 from either corporate or partnership tax returns – three years corporate tax returns.

#### EXPERTISE (find out who in the company has the expertise, licenses, knowledge of the industry)

- Résumé of applicant, principals, partners, owners, employees, etc.
- Résumé of all other key personnel that hold positions of responsibility in the general operations of this business that not currently identified on certification application already
- Copies of any and all Licenses, certificates for specialized training, degrees, or permits applicable to the business – for all principals, partners, owners, key personnel

#### FINANCIAL CONTROL

- Executed copies of business loan contracts, or lines of credit that include contact information, and terms of service (within a given period of time)
- Equipment purchases/lease agreements

#### OPERATIONAL CONTROL

- Current executed lease or lease extension for company and/or copies of cancelled checks (front & back) as proof of rent payment
- Copy of shareholder agreement
- Copy of current executed bonding insurance contract
- Copy of executed key man insurance contracts

#### INDEPENDENCE

- Subcontractor agreements, sources of revenue or recipients of subcontracts
- Detailed explanation of each principal, partners, owners, key personnel's role in related companies or affiliations



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# Capital Access Program – Alternative Lending

New York State recognizes how difficult it can be for small businesses to access the capital they need to start-up, expand, and flourish in New York.

Since 1998, Empire State Development (ESD) has provided over \$40 million to alternative lenders (CDFIs) throughout the state, so that they are better able to meet your needs.

- Working capital loan
- Start-up loan
- Line of credit loan
- Expansion loan

**Multiple lenders in every county in NYS covering a wide range of credit profiles**

Participating lenders set terms and make all credit decisions. For a complete list of alternative lenders, including information about the programs and services they offer, the size of the loans they make, interest rates and terms, please visit: [www.esd.ny.gov/lender-directory](http://www.esd.ny.gov/lender-directory)

**(63 lenders as of 5/3/2019 – loan amounts from \$500 to \$5,000,000)**



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# Alternative Lending – Regional Revolving Loan Trust Fund (RRLTF)

Operated by regional not-for-profit organizations for the purpose of making working capital loans to small businesses that generate economic growth and job creation and are unable to obtain adequate credit or adequate terms from commercial lenders.

- Revolving fund with 11 designated lenders serving the 10 economic regions
- Loans up to \$100,000 or 90% of project cost (whichever is less)
- Loan terms, interest rates, and collateral requirements are determined by the administering corporations and their loan committees.
- Useable for Working Capital

## Participating Lenders:

**North Country Alliance** – North Country – (315) 661-3200

**Community Loan Fund of the Capital Region** – Capital District, Mohawk Valley – (518) 436-8586

**Excelsior Growth Fund** – Finger Lakes, Long Island – (866) 466-9232

**Community Capital New York** – Mid-Hudson – (914) 747-8020 ext.10

**Southern Tier Enterprise Development (STEDO)**– Western Region – (716) 945-5301

**Cooperative Federal** – Central Region – (315) 473-0206

**Renaissance Economic Development Corp.** – New York City – (212) 964-6022

**Western Region Corporation** – Western Region – (716) 856-6525

**Central NY Enterprise Development Corp.** – Central Region – (315) 422-8276 ext.1205

**Mohawk Valley Rehabilitation Corp. (MORECO)** – Mohawk Valley – (716) 800-4122

**Southern Tier Regional Economic Development Corp. (STREDC)** – Southern Tier – (607) 962-3021



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# Alternative Lending – Minority and Women Revolving Loan Trust Fund (MWRLTF)

**Designed to provide greater access to capital for Minority-Owned and Women- Owned Small Businesses (MWBEs)**

- Revolving fund with eight designated lenders
- Loans up to \$50,000 for fixed assets or \$35,000 for working capital.
- Minority and Women-owned Small Businesses (NYS certification not required).

## Participating Lenders:

**Westminster Economic Development Initiative** – Western Region – (716) 800-4122

**Ibero American Investors Corp.**– Finger Lakes and Western Regions – (585) 296-8900 ext.125

**Community Loan Fund of the Capital Region** – Capital District and Mohawk Valley– (518) 436-8586 ext. 808

**Excelsior Growth Fund** – Central, Finger Lakes, Southern Tier, Western Regions – (212) 785-5702

**TruFund Financial Services** – Finger Lakes and Western Regions – (866) 466-9232

**Greater Jamaica Local Development** – New York City – (718) 291-0282 ext.141

**Syracuse Cooperative Federal Credit Union** – Central Region – (315) 473-0206

**Washington Heights & Inwood Development Corp. (WHIDC)** – New York City – (212) 795-1600



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## Alternative Lending – Minority Revolving Loan Fund (MRLF)

**Designed to provide greater access to capital for Minority-Owned Small Businesses (MBEs)**

- Revolving fund with four designated lenders
- 50%+ match funding required (\$50,000 maximum ESD funding per loan)
- NYS based MBEs only.
- Useable for: Working Capital, Acquisition/Improvement of real property, Acquisition of Machinery & Equipment, Refinancing of Debt Obligations (with tangible benefits to borrower)

Participating Lenders:

**BOC Capital Corporation** – Long Island, Mid-Hudson, NYC – (718) 625-1296

**Excelsior Growth Fund** – Statewide – (866) 466-9232

**Harlem Entrepreneurial Fund, LLC** – New York City – (212) 749-0900 ext. 122

**Renaissance Economic Development Corp.** – New York City – (212) 964-6022



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# Alternative Lending – Small Business Revolving Loan Fund (SBRLF)

Operated by regional not-for-profit organizations for the purpose of making loans to small businesses that generate economic growth and job creation and are unable to obtain adequate credit or adequate terms from commercial lenders.

- Revolving fund with 14 designated lenders
- Loans from \$500 to \$4,000,000+ (via matching funds from lenders)
- Loan terms, interest rates, and collateral requirements are determined by the administering lenders.
- Useable for Working Capital, M&E, Real Property Acquisition and Improvement

Participating Lenders:

**North Country Alliance** – North Country – (315) 785-2593

**Community Loan Fund of the Capital Region** – Capital District, Mohawk Valley – (518) 436-8586

**Excelsior Growth Fund (also NYBDC)** – Statewide – (866) 466-9232

**Community Capital New York** – Mid-Hudson, New York City – (914) 747-8020 ext.10

**Accion East** – Statewide – (866) 245-0783

**Cooperative Federal** – Central Region, Mohawk Valley – (315) 473-0205

**Renaissance Economic Development Corp.** – New York City – (212) 964-6022

**Adirondack Economic Development Corp. (AEDC)** – North Country – (518) 891-5523

**Alternative Federal Credit Union** – Finger Lakes, Southern Tier – (607) 216-3446

**BOC Capital Corporation** – Long Island, Mid-Hudson, New York City – (718) 625-1296

**Brooklyn Cooperative Federal Credit Union (BCFCU)** – New York City – (718) 418-8232 ext. 2020

**Washington Heights & Inwood Development Corp. (WHIDC)** – New York City – (212) 795-1600

**TruFund Financial Services** – Long Island, Mid-Hudson, New York City – (646) 732-9919

**Pathstone** – Finger Lakes, Southern Tier and Western Regions – (585) 340-3385



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# New York State Surety Bond Assistance Program

The NYS Surety Bond Assistance Program (NYSBAP) provides technical and financial assistance to help contractors secure surety bonding. Contractors may be eligible to receive a guarantee of up to 30% to secure a surety bond line, bid bond or a performance and payment bond on New York State and New York City agency let projects.

- Guarantees of up to 30% on a bond line or individual contract bid bonds and payment/performance bonds are available from Empire State Development. Being eligible for this program does not automatically ensure bonding.
- Approval is based on both successful underwriting by a surety company and ESD's review.
- Small businesses can also enroll to receive free training and technical support on becoming bond-ready.

Eligibility requirements:

- Applicant must be a New York State small business or MWBE with at least two years of business operations.
- Maximum bond line or project size is \$2 million.
- Minimum average gross revenue of \$400,000 in the each of the last two fiscal or calendar years and maximum gross revenue not to exceed \$5 million in the most recent calendar or fiscal year.
- Minimum credit score of 600.
- Previous experience completing similar work to the contract opportunity being pursued.

Website: <https://esd.ny.gov/new-york-state-surety-bond-assistance-program>

Contact: (212) 803-3238 or [BAP@esd.ny.gov](mailto:BAP@esd.ny.gov)



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# JDA Agriculture Loan Fund for Agribusiness Firms

Agriculture is a major economic driver for New York State (NYS) with 7 million acres of farmland and nearly 36,000 family farms producing some of the world's best food. The JDA Agriculture Loan Fund aims to alleviate the economic barriers faced by many small NYS agribusiness owners including value-added processors, food distributors, food aggregators, beverage producers and Food Hub participants, that are looking to grow & expand.

- **\$10 million in JDA capital provided to participating lenders to encourage lending**
  - **Loan amounts up to \$200,000**
  - **Interest rates set by individual lenders**

## 9 Lenders around New York State

**Central New York Enterprise Development Corporation** – Syracuse: (315) 422-8276 ext. 1205

**Development Authority of North Country** – Watertown: (315) 661-3200

**Hudson Valley Agribusiness Development Corporation** – Hudson: (518) 432-5360

**Mohawk Valley Rehabilitation Corporation** – Mohawk: (315) 866-4671

**New York Business Development Corporation** – Albany: (518) 694-8548

**PathStone Enterprise Center, Inc.** – Rochester: (585) 340-3385

**REDEC Relending Corporation** – East Corning: (607) 962-3021 ext. 111

**Southern Tier Enterprise Development Organization Inc.** – Salamanca: (716) 945-5301 ext. 2207

**The Delaware County Local Development Corporation** – Delhi: (607) 832-5123



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# DIRECT LENDING PROGRAMS



# Job Development Authority Direct Loan Program

The JDA Direct Loan Program provides direct loans for the growth of manufacturing and other eligible businesses within New York State by assisting in financing a portion of the cost of acquiring and renovating existing buildings or constructing new buildings ("real estate" projects) or for purchasing machinery and equipment ("M&E" projects).

- Most JDA loans can be for up to 40% of the total project cost of real estate projects or M&E projects.
- Loans may be up to 60% for projects located in Empire Zones or economically distressed areas.
- A combined bank loan and JDA loan allows up to 90% financing of a project.
- Typical financing structure:
  - 50% bank loan / 40% JDA loan / 10% borrower equity
- A JDA real estate loan is normally a second mortgage loan, subordinate to a first mortgage loan from a bank; M&E loans are secured by a first lien, co-equal with the bank's lien, on the M&E being financed.

## Requirements:

- *The borrower must secure a letter of commitment from the bank providing the 50% financing portion of the project cost.*
- *JDA Loans are not dispersed until the COMPLETION of the project.*
- *The borrower must provide at least 10% of the project cost as an equity contribution to the project.*
- *Personal guarantees are required from any person owning 20% or more of the operating company for whose benefit the JDA loan is being made.*



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# JDA Direct Loan Program - continued

Eligible JDA loan uses:

## Real Estate

- Cost of acquiring an existing building and/or renovations to the existing building
- Purchase of land and/or construction of a new building on that property
- Soft costs normally associated with a real estate transaction.

## Machinery & Equipment

- Acquisition costs and eligible soft costs only. Note that M&E being purchased with a JDA loan must be fixed to the building.
- Installation costs are **not** eligible under JDA M&E loans.

JDA Loans may **not** be used for:

- Retail facilities, which customers must personally visit in order to obtain the goods or services being sold.
- Hotel or residential facilities, Motor vehicles, Working capital loans.

Website: <https://esd.ny.gov/job-development-authority-direct-loan-program>

Contact: Ray Salaberrios [Rafael.Salaberrios@esd.ny.gov](mailto:Rafael.Salaberrios@esd.ny.gov)

(Applications are typically made through ESD Regional Offices)



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# Metropolitan Economic Revitalization Fund (MERF)

- Provides loans to businesses and governments investing in projects that create or retain a significant number of private sector jobs in distressed census tracts in NYC and parts of Nassau, Rockland and Westchester Counties.
- Maximum loan amount is \$5,000,000 or 10% of total project cost, whichever is less.
- Eligible projects include real estate acquisition/construction/renovation, or M&E acquisition.

Website: <https://esd.ny.gov/metropolitan-economic-revitalization-fund-program>

Contact: Ray Salaberrios [Rafael.Salaberrios@esd.ny.gov](mailto:Rafael.Salaberrios@esd.ny.gov)

(Applications are typically made through ESD Regional Offices)



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# QUESTIONS and ANSWERS?



# One More Thing...

# **BUSINESS MENTOR NY**



# What is Business Mentor NY?

Business Mentor NY is the state's first large scale, **web-based**, hands-on mentoring program geared to help entrepreneurs and established small businesses overcome challenges to grow their business.

- **Skills-based volunteerism** by individuals or groups that capitalizes on personal talents or core business skills, experience or education to **support small business owners and entrepreneurs**
- Assistance that is **specific and action oriented** on the part of the small business
- Business mentor volunteers act as **pro-bono advisors** or sounding boards for the small business owners that are looking for guidance
- Small business mentoring **provides a potential solution to accessing needed information** and expertise through a streamlined process, **enabled by technology**
- **Designed to augment and support, not replace, conventional face to face contact**

## Where to Begin?

1. Create a Profile



2. Reach Out



3. Start Mentoring!



# Thank you for supporting Small Business opportunity in New York State!



Matthew Kennedy – Small Business Division, 625 Broadway, Albany, NY 12245

[Matthew.Kennedy@esd.ny.gov](mailto:Matthew.Kennedy@esd.ny.gov)

518-292-5208



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