
Summary of Loans

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Published: 03/18/2009 - 11:22

Industrial Revenue Bonds: This program provides long-term, low interest financing, up to \$10 million and is federally tax-exempt for fixed assets and soft costs secured by a bank Letter of Credit (LOC). IRB's may finance up to 100% of the cost of a project with minimum amount of \$4,000,000. Tax-exempt bonds are exempt from federal income taxes and limited to manufacturing or other projects according to federal law, and must be issued by local industrial development corporations. Approval is required from the Texas Bond Review Board and must receive approval from the Texas Department of Economic Development and also by the Attorney General's Office.

Min: \$4M

Max: \$10M

USDA Business and Industrial Loan: This is a guarantee program with loans provided by local lenders. The primary purpose of this loan is to create and maintain employment and improve the economic climate in rural communities. The Katy Area has a significant eligible territory. Eligible loan purposes are business and acquisitions, constructions, expansion, repair, modernization, development costs, working capital and start-up costs. Loan guarantees begin at \$750,000 are limited to a maximum of \$25 million per borrower for terms up to 25 years depending on loan purpose. Interest rates are at bank rates.

Min: \$750,000

Max: \$25M

Sales Tax Bonds – City of Fulshear: Sales Tax bonds do not fall under the volume cap and are eligible to communities that have passed the economic development sales tax. Ineligible projects include for-profit hospitals, multi-family projects, and municipal services.

Exempt-Facility Bonds: These are bonds that can be issued to finance certain facilities such as airports, dock and wharf facilities, mass commuting facilities, high-speed inter-rail facilities, or certain qualified hazardous waste facilities (including certain training and storage facilities). There is no limit on the amount of the issue and these issues do not require a reservation under the volume cap. Although the facility must be governmentally owned, it may be leased or subject to management contracts with the business. Other types of exempt bonds include projects for water, sewage and solid waste facilities, facilities for the local furnishing of electricity or gas, and local district heating or cooling facilities. These types of exempt-facility issues must reserve a portion of the volume cap. Exempt-facility bonds that are not governmentally owned may reserve up to \$25 million in tax-exempt volume cap allocation each year; however there is no project size restriction.

Texas Leverage Fund – City of Fulshear: The Texas Leverage Fund (TLF) is an “economic development bank” offering an added source of financing to communities that have passed the economic development sales tax. Approximately 500 communities in Texas have adopted the local economic development sales tax. EDT may loan funds directly to a local Industrial Development Corporation (IDC) to finance eligible projects. Sales tax revenues pledged by the IDC need only be sufficient to cover projected annual debt service as specified in the Texas Leverage Fund Program Guidelines. This allows cities to leverage their economic development sales tax and to pursue additional projects.

Texas Industry Development Revolving Loan Program: This program provides infrastructure capital for public projects to Texas communities for and eligible 501 c 3 corporations at low rates. The loans are available with low cost, variable rate, long term financing. Eligible projects must conform to the Development Corporation Act of 1979, the Texas Industry Development Program Guidelines Examples of public projects include: public facilities; community infrastructure (i.e. water, wastewater, drainage, streets); remediation on public land/facilities, and public transportation. Loan terms are available for participants with a credit rating of an A.

Small Business Administration (SBA) 504 Loan Program: This program is a fixed asset financing program which offers small businesses long-term loans at a fixed rate of interest which is generally lower than market rates. It is designed to provide expansion capital to small businesses in local economies resulting in job creation. It may be used to acquire land, construct buildings, purchase land, buildings, machinery, and equipment. The 504 loan is coordinated between the SBA and a private lender with the lender covering 50% of the project, SBA with 40% percent, and the borrower 10 percent. The maximum participation by the SBA is \$1 million. Manufacturing projects may go as high as \$4 million.

Max: \$4M

Small Business Administration (SBA) 7(a) Loan Guaranty Program: This program can provide assistance to businesses to obtain financing working capital and fixed asset purchases. The 7(a) Pro guarantees commercial lending Institutions up to 80% for loans under \$100,000 and up to a certain % for loans over this amount and up to \$750,000. Funds can be used to finance working capital, fixed asset acquisition, including land, buildings, and equipment.

Max: \$750,000

New Markets Tax Credit: The New Markets Tax Credit program is designed to encourage private sector investment in low-income communities by providing tax incentives to the private sector investor. Qualified businesses located in a distressed community may receive loans through this program.

Texas Small Business Fund: Administered by the Texas Economic Development Bank, this program provides financing to assist small businesses in Texas. The Fund is a revolving loan program with capital provided from \$20 million in taxable bonds issued in 2005. Preference is given to "Growth Stage" companies in industry clusters within emerging technology fields including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture, aerospace and small businesses that have received financing Small Business Development Centers (SBDC) or the Small Business Innovative Research program (SBIR). Interest rates are generally lower than bank rates.

Texas Product Development Fund: This revolving loan program administered by the Texas Economic Development Bank provides financing to aid in the development, production and commercialization of new or improved products within the state. Products appropriate for the Fund are inventions, devices, techniques, or processes that have advanced beyond the theoretical stage and are ready for immediate commercial application. Preference for funding is provided in industry clusters within emerging technology fields including semiconductors; nanotechnology; biotechnology and biomedicine; renewable energy; agriculture and aerospace. Job creation and job retention within Texas will be considered within funding priorities.

Interest Rate Reduction Program: For agricultural projects, this Texas Department of Agriculture program is an interest rate buy down program for eligible borrowers. Loan proceeds under the program may be used for any agriculture-related operating expense, including the purchase or lease of land or fixed asset acquisition or improvement, or for any enterprise based on agriculture as identified in the application. A loan under this program may also be applied to existing debt only when required by the lender to finance the expansion of an eligible project. Maximum loan amount is \$500,000.

Max: \$500,000

USDA Intermediary Relending Program (IRP): The purpose of program is to alleviate poverty and increase economic activity and employment in rural communities. Under the program, loans are provided to (intermediaries) like Katy Area EDC for the establishment of revolving loan funds. These revolving loan funds are used to assist with financing business and economic development activity to create or retain jobs. An EDC, may borrow up to \$750,000. Ultimate recipients may borrow up to \$250,000. Eligible projects include acquisition, construction, conversion, enlargement, or repair of a business or business facility, land (easements, rights of way, buildings, facilities, leases, materials); equipment, leasehold improvements, machinery, and supplies; start up costs and working capital; pollution control and abatement; Most parts of the Katy Area are eligible for this program.

Max: \$250,000

Economic Development Administration Revolving Loan Fund: This is a gap financing program to help small businesses that are recovering from Hurricane Ike. Loan amounts range between \$30,000 and \$150,000 and must create one job per \$65,000 of loan proceeds. Funds can be used for building repairs and improvements, equipment, furniture, and inventory. No more than 50% of a loan may be for working capital. Terms are up to 10

years.

Min: \$30,000
Max: \$150,000

SBA Low Doc: The Low Doc program was designed to simplify the SBA application process and shorten the processing time for smaller loans. To be eligible, a business must have 100 or fewer employees, and annual sales for the past 3 years must be less than \$5 million. This program allows for an SBA guarantee of up to 80% for loans up to \$100,000, and up to 75% for loans between \$100,000 and \$150,000.

Max: \$150,000

CAPCO: Administered by the Texas Comptroller and Texas Treasury Safekeeping Trust Company, the CAPCO program is funded by "Insurance Premium Tax Credits" and is designed to encourage growth of businesses. The difference between a traditional venture capital investment and a CAPCO structure is in the type and location of the businesses (the portfolio companies) supported. The law requires CAPCOs to invest 30% of their capital in "strategically located" and 50% in "early stage" businesses. Insurance companies must commit to invest money in the CAPCOs up to the amount of their specific allocation. CAPCO's then repay the insurance company investors over time with a combination of earnings on their investments and future tax credits. The thirteen Texas CAPCOs earn the tax credits by investing in certain targeted Texas businesses.

USDA Rural Business Enterprise Grants: This is federal, low interest grant program up to \$200,000 that can be used to start a revolving fund for small and emerging businesses employing 50 or less workers and having less than \$1,000,000 in projected gross revenues for one year. This financing can be applied for by EDC's to loan to companies in the Katy Area for land acquisition, fixed assets, utilities, roads, working capital, technical assistance, professional fees and training.

Max: \$200,000

Katy Area Bank Alliance: Through the leadership of Kay Area EDC, several Katy Area Banks have come together to form the Katy Area Bank Alliance. The mission of the Bank Alliance is to improve the ability of local financial institutions to finance economic development projects and thereby create jobs and capital investment in the Katy Area. The purpose of the Alliance is to review commercial projects and possibly pool and/or participate loans and increase communication, interaction and cooperation among Katy Area banks and financial institutions. Banks must be a member of the Katy Area EDC to participate in the Alliance. Standard bank credit requirements apply. Chart of Participating Banks.

Allegiance Bank

Vidal Ramirez

www.allegbank.com

Amegy Bank

Doyle Callendar

www.amegybank.com

Enterprise Bank

Greg Murray

www.mybank-enterprise.com

First Victoria Bank

Craig Brooks

www.firstvictoria.com

Icon Bank

Ron Majewski

www.iconbanktx.com

Members Choice Credit Union

Bruce Hurta

www.mccu.com

Prosperity Bank

Kathy Sheldon

www.prosperitybanktx.com

Tradition Bank

Downy Vickery

www.traditionbank.com

Trustmark Bank

Angel Pena

www.trustmark.com

Wells Fargo

Jo Ann Miller

www.wellsfargo.com

Westbound Bank

Robert Kramer

www.westboundbank.com