

LOAN PRODUCTS/APPLICATION PROCESS

Small Business Services

Loan Products—Renaissance Development Products

The Renaissance Development Fund, was created by and an affiliate of Cornerstone Alliance, was founded to promote economic development in the most distressed region of the Twin Cities area of Benton Harbor and St. Joseph, Michigan. Additionally, the Renaissance Development Fund promotes business development, employment, and housing opportunities that benefit low-income populations throughout Berrien County, Michigan by providing business and housing development funds through loans and other means.

The Fund provides credit and technical support to small businesses in the Cornerstone Alliance service area that **do not have access to traditional financing sources**, but demonstrate the ability to operate successfully. The Fund is not in competition with private sector financial institutions.

Renaissance Development Fund loan categories include:

	Neighborhood Venture Loan (Staged Loan Program)	SBA Micro Loan	Commercial & Industrial Loan	Homeownership Soft Second Mortgage
Use	<ul style="list-style-type: none"> • Purchase business materials & equipment • Working capital & inventory • Equipment repair • Business promotion 	<ul style="list-style-type: none"> • Purchase business equipment & inventory • Working capital 	<ul style="list-style-type: none"> • New construction or rehabilitation of existing industrial and commercial buildings • Equipment purchase 	<ul style="list-style-type: none"> • Downpayment for purchase of new home • Landscaping for newly purchased home
Size	\$500 to \$3,000	\$500 to \$35,000	\$25,000 to \$150,000	\$500 to \$3,500
Term	*6 months to 2 years	Up to 5 years	*Up to 10 year amortization	1 to 5 years amortized up to 10 years
Interest Rate	Prime rate plus four (4) percentage points.	10%	Fixed rates—not predetermined	8%
Eligibility	<p>Entrepreneurs with as little as six months business experience may be eligible to borrow and repay progressively larger amounts, starting with loans as low as \$500.</p> <p>Loans may be granted to individuals with past credit problems, however Small Business Services would look for resolutions to previous credit problems or agreements showing positive steps toward resolution.</p> <p>Significant improvement to the borrower's credit report must be documented before the borrower can move from one loan stage to the next. Borrower must meet all other Micro Loan eligibility requirements.</p>	<p>New businesses in Cass, Van Buren, & Berrien County must have a completed business plan with at least 2 years of cash flow projections.</p> <p>Established & expanding businesses in the tri-county area must produce a business summary with actual data & projected cash flow for 2 years.</p> <p>Loans may be granted to individuals with past credit problems, however Small Business Services would look for resolutions to previous credit problems or agreements showing positive steps toward resolution.</p> <p>The borrower must contribute at least 10% of its own equity to the project.</p>	<p>Existing businesses with three years verifiable track record or emerging businesses that have sufficient investment to justify the loan and shows promise and business viability.</p> <p>Business must be located in **investment area or benefit the low income population of Berrien County.</p> <p>Borrower must leverage other private or public funding for the project.</p> <p>Strong cash flow</p>	<p>Property must be located in the **investment area or household income must be within defined low income limits.</p> <p>Buyers are expected to contribute 28 to 30% of their income to carry the first and second mortgage and other housing expenses.</p> <p>First mortgage is not to exceed 75% of property value and will be a conventional 30 year mortgage and borrower must provide at least 5% downpayment</p> <p>Second mortgage may not exceed 20% of property value</p>
Minimum Collateral	Personal guarantee	Mortgage liens and/or business assets with personal or corporate guarantee	Mortgage liens and/or business assets with personal or corporate guarantee	Second mortgage
Fees	Application Fee—\$15 Normal closing cost	\$25 Loan Processing Fee plus Normal Closing Cost	Application Fee—\$300 Normal Closing Cost	\$25 Loan Processing Fee plus Normal Closing Cost

*Term may be extended if borrower presents a need for an extended term, which shall not exceed the useful life of any asset or improvement funded by the loan.

**Investment area includes all of the city of Benton Harbor and the greater Benton Charter Township area.

Loans are subject to approval in accordance with eligibility and lending guidelines. Terms subject to change.

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Additional Loan Products

IRP Revolving Loan

IRP loans can be used for community development projects, the establishment of new businesses, expansion of existing businesses, creation of employment opportunities, or saving existing jobs. Such loans may include, but are not limited to:

- Business and industrial acquisitions when the loan will keep the business from closing, prevent the loss of employment opportunities, or provide expanded job opportunities.
- Business construction, conversion, enlargement, repair, modernization, or development.
- Purchase and development of land, easements, right-of-way, buildings, facilities, leases or materials.
- Purchase of equipment, leasehold improvements, machinery, or supplies.
- Pollution control and abatement.
- Transportation services.
- Start-up operating cost and working capital.
- Interest (including interest on interim financing) during the period before the facility becomes income producing, but not to exceed one year.
- Debt refinancing.

Borrowers are required to pay application and loan packaging fees, environmental data collection fees, management consultant fees, and other fees for services rendered by professionals such as engineers, architects, lawyers, accountants, and appraisers.

Loan recipients may be individuals, public or private organizations, or other legal entities with authority to incur the debt and carry out the purpose of the loan.

Loan Application Process

Each loan product has specific requirements but in general you will be required to:

- Submit a completed loan application.
- Submit an acceptable business plan.
- Submit personal and business financial statements.
- Submit copies of most recent personal and business income tax returns.
- Submit any additional information that may be requested or you believe would assist in the application process.
- Pay a non-refundable application fee.
- Pay a loan processing fee and any other cost associated with securing the loan if loan is approved.

Contacts

Please contact the following individuals at Cornerstone Alliance Small Business Services to schedule a project review session.

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