



Northern Lakes Economic Alliance has partnered with Great Lakes Energy, Inc. and the U.S. Department of Agriculture's Rural Development Program to support projects that promote rural economic development and job creation in Northern Michigan. We do this by helping businesses obtain 0% interest USDA loans for qualifying projects.

USDA Loan Program Guide and FAQs

General Terms:

- A project may not begin until after the loan is approved.
- Maximum loan is \$1,000,000
- Interest rate is 0%
- Maximum repayment term is 10 years (buildings and real estate)
- Equipment can be financed for between 5-7 years or the equipment's depreciable life.

Applicant Eligibility:

- Loans are intended for business entities and nonprofits registered with the State of Michigan DLARA.
- Loans are available to businesses within the twenty-six counties of Western and Northern Michigan, from Kalamazoo to the Straits of Mackinac.

Examples of eligible projects:

- Business expansion, including financing fixed assets such as real estate, buildings (new or existing), equipment, or working capital
- Start-up venture costs, including financing fixed assets such as real estate, buildings (new or existing), equipment, or working capital
- Community development assistance to nonprofits (particularly job creation or enhancement)
- Facilities and equipment for education and training to facilitate economic development
- Facilities and equipment for medical care to rural residents
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What is the typical capital stack for a USDA Rural Development Loan project?

- USDA loan **30%** of the total project cost
- The business or owner **20%** or more total cost in cash or collateral
- Independent financial institution **50%** of the total project cost or less;



Can a separate independent financial institution finance part of the project? Yes - the borrower must provide at least 20%, up to 70%, of the total project cost in cash or equity. An independent financial institution may provide the difference between the borrower contribution (at least 20%) and the USDA loan contribution (no more than 30%). These terms are between the borrower and their bank.

- *Example: A project will cost \$1,000,000. The borrower can provide \$200,000 (the minimum 20%); the USDA loan can provide \$300,000 (the maximum 30%); an independent bank is required to provide the remaining \$500,000 (maximum 50%)*

How long does it take to obtain a loan? The total timeline is typically between three and eight months. Loan approval is not guaranteed.

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|---|-----------------------------------|
| 1. Initial meeting with NLEA | Day 1 |
| 2. Completion of initial application for GLE | Day 15 |
| 3. GLE Board presentation | As scheduled (10 meetings/yr) |
| 4. Complete full application for USDA | 20 – 30 days |
| 5. GLE Board decision and board resolution | At next scheduled monthly meeting |
| 6. USDA Review and decision | Next full FYQ (60 - 120 days) |
| 7. Loan closing at GLE and disbursement (if approved) | 2 weeks |

Is collateral or a personal guarantee required from the borrower? Yes - the borrower is required to provide an “Irrevocable Letter of Credit” from their financial institution covering their portion of the project cost. *The issuing institution typically has a fee for this service and the borrower must determine these terms and fee independently.*

How do I apply for a loan? Northern Lakes Economic Alliance is here to guide you through the process every step of the way.

Contact Dave Kronberg, NLEA Director of Business Growth:

Email: Dave@theNLEA.com

Phone: (231) 582-6482

We’ll have a virtual meeting or phone call about your business, plans, and financial needs.

Thank you very much for placing your trust in the Northern Lakes Economic Alliance (NLEA). The NLEA is fueling business growth and community prosperity in Northern Michigan by driving development and resiliency in Antrim, Charlevoix, Emmet, and Cheboygan Counties. To learn more about NLEA’s suite of services please visit our website:

TheNLEA.com



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USDA Loan Program Pre-application Form

INSTRUCTIONS: The following inputs are required for consideration. Save this WORD document to your digital device and rename the file: *[Applicant name]_Loan Pre-Application [date]*. Add your inputs directly into this document following the numbered format below.

Example: Smith_Loan Pre-Application 8.9.2025

Please email the completed materials to: Chris Bauer, Senior Projects Officer, Northern Lakes Economic Alliance: Chris@theNLEA.com

Please enter in the subject line of all your emails [Applicant Name]_Loan Application

About the Applicant:
1. Legal name of applicant:
2. Applicant address:
3. Entity name:
4. Entity EIN:
5. Legal type of entity:
6. Year entity was established:
7. Principal owners in the entity:

About the Project:
8. Address of project:
9. Current number of employees (if any):
10. Number of employees to be added in first year:



11. Brief description of your current business and the new project:
12. Attach a map showing the location of the project in relation to communities, highways, and waterways (a screenshot of aerial map works):

About Financing - in dollar amounts (NOTE lines 14 + 15 + 16 = 17):	
13. Total estimated cost of project (100%):	
14. Equity from applicant (at least 20% up to 70%):	
15. Loan amount from USDA Loan Program (30%):	
16. Loan amount from independent bank (up to 50%):	
17. Collateral - a first secured position on fixed assets equal to 1.5X the requested loan amount is required by Great Lakes Energy, Inc.:	
18. Applicant's bank:	
19. Bank contact name and phone number:	
20. List all sources of funds and contact info:	

How do you intend to use the funds - in dollar amounts (NOTE lines 17-23 = line 13):	
21. Land and buildings:	
22. Construction and renovation:	
23. Furnishings and fixtures:	
24. Site improvements:	
25. Machinery and equipment:	
26. Services (describe):	
27. Other (describe):	
28. Legal and closing costs:	

Fees:	
29. Preparation fee (may not be financed):	\$2500 – payable on loan approval
30. Administrative fee (may be financed):	1.5% of loan payable on disbursement
31. Closing fee (may be financed):	1.5% of loan payable on disbursement
32. Irrevocable Letter of Credit:	Fee negotiated between borrower and their bank
33. Independent financing (as needed)	Terms as established by independent institution

Signature of applicant:	Date:
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USDA Loan Program Document Roundup

INSTRUCTIONS: The following inputs are required for consideration for USDA loan products. Save this WORD document to your digital device and rename the file: *[Applicant name]_Document Round Up [date]*. Add your inputs directly into this document following the numbered format below.

Example: Smith_Document Roundup 8.9.2025

If you must attach separate files for photos, maps, reports, etc. then save the file naming it with the matching line number below, ie. *[Applicant name]_Line_[line from below]_Document Round Up [date]*.

Example: Smith_Line 10_Document Roundup 8.9.2025

Please email the completed materials to: Chris Bauer, Senior Projects Officer, Northern Lakes Economic Alliance: Chris@theNLEA.com

Please enter in the subject line of all your emails *[Applicant Name]_Loan Application*

1. Pre-application Form
2. Detailed description of the project – how the project monies will be utilized; what is the scope of work; what is the anticipated start date and timeline to completion; how will you know the project is successful.
3. Statement of Impact: how will the project strengthen your business position, strengthen revenue, make a difference in your community, etc.
4. A list of the job opportunities that will be created (full time, part-time, seasonal), job descriptions and estimated starting wages.



5. Description of the company or business - describe the company history, current mission, core product or service, current number of seasonal and year-round employees, previous year annual revenue, estimate of next year's revenue.
6. If new construction or remodeling, describe the type of new building – floor, walls, roof - square feet footprint, include preliminary drawings, floorplans and elevations.
7. Photos of the project if purchasing property, remodeling, or expanding an existing structure
8. If purchasing equipment or furnishings, provide descriptions, quantities, types
9. Project site plan showing location of project on parcel, current zoning of parcel, and relation of project to the surrounding political subdivisions
10. Resume of owner(s)
11. Company organizational chart, existing and new
12. Business plan or Business Model Canvas that minimally identifies key partnerships, key activities, value proposition, customers, cost structure and revenue stream.
13. Current company financial information – P&L summary
14. Summary company financial information for 3-year period – proforma
15. Detailed 3-year business financial projection – proforma
16. Personal tax return statements of the business owner(s) - previous tax year
17. Marketing plan – a detailed plan for marketing the service or product and plans for reaching and acquiring customers. Include geographical area served.
18. Letter of Commitment from third-party financial institution showing their commitment to contribute their share of the project cost.
19. Letter of Commitment from the business' banking institution ensuring the business or its owner(s) has the resources to contribute their share of the project cost. Please discuss with your bank the details of obtaining an Irrevocable Letter of Credit to cover the borrower's portion of the project cost. It will not be necessary to finalize this document until the end of the application process.



20. Provide environmental assessments (if any). If a Phase 1 Environmental Site Assessment is available, please provide this in digital format on a separate thumb drive.
21. List coordination with any local, regional, or state development organizations such as MEDC, MDARD, etc. Be sure to include NLEA as a supporting economic development agency.

For questions, please contact Chris Bauer, Senior Projects Officer, Northern Lakes Economic Alliance:
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