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Wisconsin
Department of Commerce

TELEPHONE: 1-800-HELPBUS (1-800-435-7287)

FACT FORM #822

REVISION DATE 6/1/06

Rural Economic Development (RED) Program

The Rural Economic Development (RED) Program is designed to provide working capital or fixed asset financing for businesses. Since it's inception in 1990, the program has provided more than $1.4 million to over 110 Wisconsin businesses.

Eligible Applicants

Eligible Applicants include for-profit businesses or cooperatives that, when combined with affiliates, subsidiaries or parent entities, have fewer than 50 employees and meet either criteria A or B:

A. The business is or will be located in a city, town, or village with a population of less than or equal to 6,000 people.

OR

B. The business is or will be located in a county with a population density of less than 150 persons per square mile. All but the following counties are eligible:

Brown, LaCrosse, Ozaukee, Sheboygan, Dane, Milwaukee, Racine, Washington, Kenosha, Outgamie, Rock, Waukesha, and Winnebago

Eligible Activities

- Construction and expansion
- Working capital
- Acquisition and existing businesses, land, buildings, and equipment
- Refinancing is not eligible

Funding Availability

Although Commerce can provide up to 50% of eligible project costs (maximum $100,000), the actual level of participation in any given project is based upon an analysis of the following factors:

- Targeted Business
- Targeted Location
- Competition
- Community Benefit
- Business Viability
- Job Creation/Retention
- Employee Wages/Benefits
- Targeted Hires

The Application Process

First-time applicants for Rural Economic Development assistance must follow the four steps listed below when applying. However, for previous recipients of commercial Early Planning Grants, the Finance Specialist currently assigned to your project will take the place of the Area Development Manager.

1. Interested applicants must first talk with the local Area Development Manager (See map on the back), who will discuss the project with the applicant, provide a copy of the application materials and identify other programs that could potentially assist the applicant.

2. The applicant will complete the application material and submit it to the Department for review by a Finance Specialist.

3. The Finance Specialist will underwrite the project and make a funding recommendation to the Secretary's Office. The Secretary's Office will:
   A. Deny the proposal, in which case the applicant will receive a letter outlining the reasons for denial.

   OR

   B. Make a positive funding recommendation, in which the applicant will receive a preliminary commitment letter fully detailing the terms and conditions of the Department's proposed participation.

4. If a positive recommendation is made, the final step is for the project to be presented to and approved by the Rural Economic Board.

Business Information

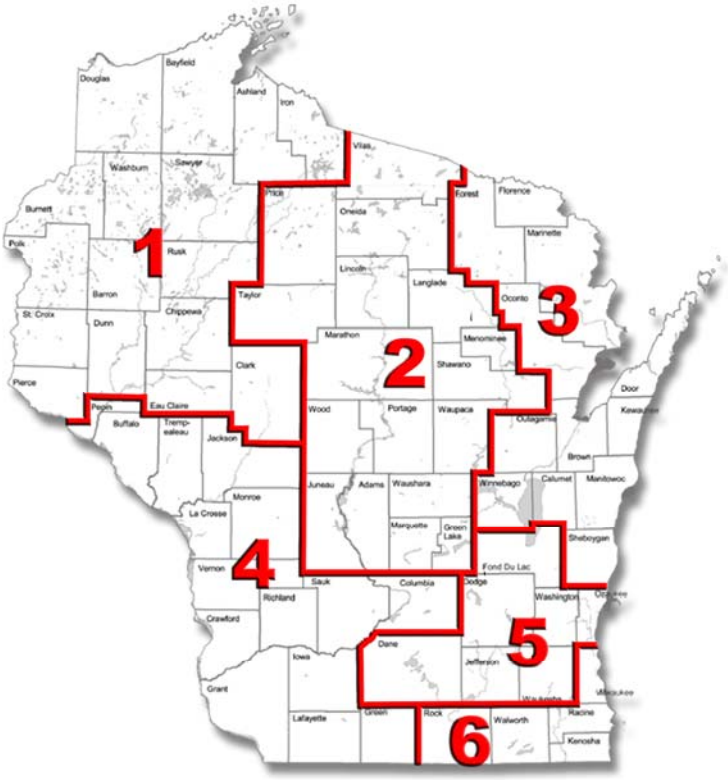
Businesses should have a business plan, which includes the following information when they meet with their local ADM:

- ❑ Background information on the company.
- ❑ A description of the project.
- ❑ A detailed project budget.
- ❑ Both existing and projected (3 yrs.) information on employment levels, wages, and benefits.
- ❑ A project timeline.
- ❑ Balance sheet, profit and loss, and cash flow statements for the last three fiscal years (Tax returns are acceptable).
- ❑ Three years of financial projects with notes covering all significant assumptions.

  1. For the first year, provide monthly balance sheet, profit and lose, and cash-flow statements

  2. For the second and third years, provide fiscal year-end balance sheet, profit and loss, and cash-flow statements

- ❑ Personal Financial Statements for principals with ownership of 20% or greater. Statements should be signed and include Social Security numbers, phone numbers and home addresses.



Area Development Managers

Region 1: Marty Ambros	715/836-2630
Region 2: Deb Clements	715/344-1381
Region 3: Dennis Russell	920/498-6302
Region 4: William Winter	608/647-4613
Region 5: Kathy Heady	608/266-9944
Region 6: David Martens	608/261-7711
Bureau Director: John Stricker	608/261-7710