

New Bedford Economic Development Council, Inc.

MICRO-ENTERPRISE LOAN FUND (MICRO)

BACKGROUND: The New Bedford Economic Development Council, Inc. (NBEDC) established this assistance program with funds provided by the City of New Bedford made available under the Community Development Block Grant entitlement. The Micro-Enterprise Loan Program is defined by the Department of Housing and Urban Development (HUD) in regulation 24 CFR 570.201(0) and is intended to assist businesses having 5 employees or less one or more whom owns the business at the time of application. Under the Micro-Enterprise Loan Program, NBEDC provides loans, which can be used for working capital; equipment, machinery, furnishings and other fixed assets; and to assist in the acquisition of land and buildings. A micro-enterprise business must demonstrate the ability to meet one of the following national objectives of CDBG funding.

1. Low/Moderate Income Area Benefit – The micro-enterprise assisted must provide services to a residential area that has a sufficiently high percentage of Low/Moderate Income persons.
2. Low/Moderate Income Limited Clientele – The micro-enterprise assistance is provided to a low/moderate income person(s) who own or are developing a micro-enterprise. In the instance that the micro-enterprise is owned by more than 1 person the micro-enterprise must demonstrate that 51% of the owners are low/moderate income persons.

INTEREST RATE: Interest rates will be determined by the Loan Committee and is based on the Prime Rate.

FEES: NBEDC charges a \$75 application fee upon application submittal (non-refundable) for any loan under \$10,000. All loans over \$10,000 are charged a \$275 application fee.

NBEDC charges a \$100 administration fee at closing for all loans under \$10,000 and 1% for all loans over \$10,000.

**ELIGIBLE
BUSINESSES:**

- Manufacturing
- Retail
- Wholesale
- Service

Other Commercial/Industrial

LOAN

COLLATERAL: All appropriate business assets and personal assets as NBEDC deems necessary to sufficiently secure the loan. All loans will be personally guaranteed by all principals with 20% or more ownership.

**MANAGEMENT
CAPACITY:**

The small business has to demonstrate management capacity and/or willingness to accept close consultation and assistance throughout the life of the loan, if necessary.

**FINANCING
GAP:**

The small business has to demonstrate the lack of adequate capital or loan funds to fully finance the business' needs.

**GEOGRAPHIC
COVERAGE:**

This program provides assistance to small businesses located within the City of New Bedford.

PROCESS:

NBEDC has a loan review committee which meets on an as needed basis. NBEDC's Loan Review Committee meets on (at Least) monthly basis to approve these loan requests. Normally it takes approximately 30 days or less to obtain approval. NBEDC can close on a loan as soon as approval is obtained and all legal documentation is obtained and or prepared by its legal council. The following is a list of information normally required to review a loan application.

1. Complete NBEDC loan application package.
2. Business plan required for all business start-ups along with 2 years of projections.
3. 3 years of historical financial statements (Personal & Corporate – for all principals with 20% or more ownership).
4. Personal financial statement (attached) – Also required for all principals with 20% or more ownership.
5. When applicable – appraisals/ 21-E reports/ Invoices/ Estimates

*Disclaimer: All information provided to the New Bedford Economic Development Council, Inc. may be subject to public disclosure.

*Disclaimer: This loan program and any specific loans are contingent upon the availability of funds. If at any time this funding source is depleted, this loan program and any commitments to fund specific loans may become null and void.

FOR MORE INFORMATION CONTACT NBEDC AT 508-991-3122; FAX 508-991-7372

The New Bedford Economic Development Council, Inc.
1213 Purchase Street, 3rd Floor
New Bedford, MA 02740

NBEDC STAFF

Matthew A. Morrissey, Executive Director
mmorrissey@nbedc.org

New Bedford Economic Development Council, Inc.

LOAN APPLICATION INSTRUCTIONS:

- ❑ Complete and sign, **front and back**, all forms in this loan application
- ❑ Include a comprehensive business plan (if business is less than 1 year old)
- ❑ Include the past three years financial state / tax returns (Schedule c)
- ❑ Include your own personal tax return for past three years
- ❑ Evidence that all City, State, and Federal Taxes are current
- ❑ Copies of all licenses and permits necessary to operate
- ❑ Evidence of bank or other financing (copy of commitment letter)
- ❑ Copy of letter of bank denial
- ❑ Certificate of Corporate Existence (provided by the Secretary of State, MA)
- ❑ Certificate of Good Standing (provided by the Secretary of State, MA)
- ❑ Articles of Organization / Incorporation (Certified by Secretary of State)
- ❑ Partnership Agreement / Documentation
- ❑ Evidence of Sole Proprietorship / Ownership (attach Schedule C)
- ❑ Appraisals (or other acceptable proof of collateral value)
- ❑ Return all of the above information as soon as possible, please call immediately with questions.

ECONOMIC DEVELOPMENT REPORT MONITORING FORM

MICROENTERPRISE ASSISTANCE MONITORING

Date: _____

Business Name: _____

Address: _____ Census Tract: _____

Microenterprise - # of Employees _____

Nature of Business: _____

Type of Assistance: _____ Amount of Assistance: _____

Eligibility Checklist:

- Verification of # of Employees

Is the Owner Low/Moderate Income?

- Yes
 No

If Yes, is there a Signed LMI Certification?

- Yes
 No

If No, Indicate the Amount of Assistance: _____

Number of Jobs Created/Retained: _____ Created _____ Retained

Signed LMI Certification:

- Yes Dates Signed _____
 No

Evidence of Job Retention requirements (letter from business etc...)

- Yes
 No

Is the Business located in a Low/Moderate Income Census Tract?

- Yes
 No

If Yes,

Census Tract # _____ % Low/Mod _____

Block Group # _____ % Low/Mod _____

- Service Area Verification:

MICROENTERPRISE CERTIFICATION

Definitions:

“Microenterprise” – a business having five or fewer employees, one or more whom owns the business.

“Persons Developing a Microenterprise” – any person who has expressed an interest and who is, after an initial screening, expected to be actively working towards developing a business that is expected to be a microenterprise at the time it is formed.

I, _____ hereby certify that I am the owner of a microenterprise, or currently developing a microenterprise as a result of anticipated financial assistance from the New Bedford Economic Development Council, Inc.

Signature

CREDIT AUTHORIZATION FORM

NAME: _____

ADDRESS: _____

DATE OF BIRTH: _____

SOCIAL SECURITY #: _____

NAME: _____

ADDRESS: _____

DATE OF BIRTH: _____

SOCIAL SECURITY #: _____

I (We) authorize the New Bedford Economic Development Council, Inc. (NBEDC) or an agent thereof, to obtain any and all credit information required to process a loan under the Revolving Loan Fund.

Name Date

Name Date

Name Date

NEW BEDFORD ECONOMIC DEVELOPMENT COUNCIL, INC. LOAN APPLICATION

Date: _____

I. BUSINESS INFORMATION

Business Name _____

Address _____

Telephone _____ Tax I.D.# _____

Individual Name(s) _____

Address _____

Telephone# _____ Social Security# _____ Date of Birth _____

Proprietorship ___ Partnership ___ Corporation ___ Subchapter S ___ Realty Trust ___

Ownership Distribution:

Name _____ Percent of Ownership _____ Title _____

Name _____ Percent of Ownership _____ Title _____

Name _____ Percent of Ownership _____ Title _____

(Please use the back of this application to add information about additional ownership)

Nature of Business _____ Year Established _____ Number of Employees _____

Years at Present Location _____ [] Own _____ [] Lease Terms _____

Accountant _____ Tel. # _____ Ins. Agent _____ Tel.# _____

Attorney _____ Tel.# _____

II. LOAN REQUEST INFORMATION

Amount _____ Term _____

Purpose/Use of Funds _____

Collateral Offered _____

Primary Repayment Source _____ Secondary Source _____

VII. MISCELLANEOUS INFORMATION

Are Tax Liabilities Current? [] YES [] NO If YES, provide details under sec. V.

Is the business an endorser, guarantor, or co-maker for an obligation not listed in the financial statements? [] YES [] NO If YES, what is the contingent liability?

Has the business or a principal owner ever declare bankruptcy? [] YES [] NO If YES provide details under Sec. V.

Is the business or part in any lawsuits? [] YES [] NO If YES, provide details in Sec. V.

Are any of the business's assets encumbered by lines or attachments of any type? [] YES [] NO

What _____ By Whom _____ Amount _____

What _____ By Whom _____ Amount _____

What _____ By Whom _____ Amount _____

Does the business have a pension fund? [] YES [] NO

Does the business have a profit sharing plan? [] YES [] NO

VIII. ADDITIONAL INFORMATION

IX. CERTIFICATION

The undersigned certified that, to the best of his or her knowledge and belief, all information in this loan application and in the accompanying statements and documents is true, complete, and correct the undersigned agrees to notify the NBEDC immediately of any material changes in this information. It is further agreed that whether or not the loan herein applied for is approved the undersigned will pay or reimburse the NBEDC for the costs, if any, of surveys, title or mortgage examinations, appraisals, etc., performed by the NBEDC personnel with the consent of the applicant the undersigned authorizes the NBEDC to contact any bank and trade creditors it deems necessary without further notice.

Business Name (print) _____ Date _____

Authorized Signature _____

Title _____

Use of Proceeds

Loan Requested

Land Acquisition	\$ _____
Land Improvement	_____
Purchase and/or Remodel Existing Building	_____
New Construction	_____
Purchase and/or Repair of Machinery/Equipment	_____
Purchase of Furniture or Fixtures	_____
Working Capital	_____
Other	_____
Total Loan Requested	\$ _____

Summary of Collateral Coverage

Explain Collateral to be used _____

Value offered to NBEDC

Market value of assets as collateral for loan	\$ _____
Less: Prior Liens	_____
Equals: Value of Assets Available to NBEDC	_____

NBEDC Loan

Less: Amount of Loan	\$ _____
Equals: Collateral in Excess of Loan Amount	_____

Asset Coverage Ratio

Assets Available to the NBEDC=NBEDC Loan \$ _____

PRO FORMA INCOME STATEMENTS

THREE YEAR SUMMARY

	YEAR 1	YEAR 2	YEAR 3
SALES	_____	_____	_____
Less: Cost of Goods Sold	_____	_____	_____
GROSS PROFIT	_____	_____	_____
OPERATING EXPENSES:	_____	_____	_____
Outside Labor	_____	_____	_____
Operating Supplies	_____	_____	_____
Salaries & Wages	_____	_____	_____
Repairs & Maintenance	_____	_____	_____
Advertising	_____	_____	_____
Car & Delivery	_____	_____	_____
Bad Debts	_____	_____	_____
Gen. Off. Admin & Legal	_____	_____	_____
Rent	_____	_____	_____
Utilities	_____	_____	_____
Insurance	_____	_____	_____
Taxes & Licenses	_____	_____	_____
Interest	_____	_____	_____
Depreciation	_____	_____	_____
Miscellaneous	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
TOTAL OPERATING EXP.	_____	_____	_____
PROFIT (LOSS) PRE-TAX	_____	_____	_____
TAXES	_____	_____	_____
NET PROFIT (LOSS)	_____	_____	_____

RESOLUTION OF THE BOARD OF DIRECTORS

Name of Applicant

1. RESOLVED, that the Officers of the Corporation named below, or any one of them, or their, or any one of their, duly elected or appointed successors in office, be and they are hereby authorized and empowered in the name and on behalf for this Corporation and under it's corporate seal, to execute and deliver to the **New Bedford Economic Development Council (NBEDC)** in the form required by the **NBEDC**, the following documents: (a) loan application, the total thereof not to exceed the amount of \$_____, maturing on such date or dates and bearing interest at such rate or rates as may be prescribed by the **NBEDC**; (b) applications for renewals or extensions of all or any part of such loan or loans and of any other loans, heretofore or hereafter made by the **NBEDC** to this Corporation; (c) the promissory note or notes of this Corporation evidencing such loan or loans or any renewals or extensions thereof; and (d) any other instruments or agreements of this Corporation which may be required by the **NBEDC** in connection with such loans, renewals, and/or extensions; and that said officers in their discretion may accept any such loan or loans in installments and give one or more notes of this Corporation therefore, and may receive and endorse in the name of this Corporation any checks or drafts representing such loan or loans or any such installments.

2. FURTHER RESOLVED, that the aforesaid officers or any one of them or their duly elected or appointed successors in office, be and they are hereby authorized and empowered to do any acts, including, but not limited to, the mortgage, pledge or hypothecation from time to time with the **NBEDC**, of any or all assets of this Corporation to secure such loan or loans, renewals or extensions, and to execute in the name of an on behalf of this Corporation and under it's corporate seal or otherwise, any instrument or agreements deemed necessary or proper by the **NBEDC**, in respect of the collateral securing any indebtedness of this Corporation.

3. FURTHER RESOLVED, that any indebtedness heretofore contracted an any contracts or agreements heretofore made with the **NBEDC** on behalf of this Corporation, and all acts of officers or agents of this Corporation with said indebtedness or said contracts or agreements, are hereby ratified and confirmed.

4. FURTHER RESOLVED, that the officers referred to in the foregoing resolutions are as follows:

(Printed Name)	(Title)	(Signature)
(Printed Name)	(Title)	(Signature)
(Printed Name)	(Title)	(Signature)

5. FURTHER RESOLVED, that the **NBEDC** is authorized to rely upon the aforesaid resolutions until receipt of written notice of any change.

ASSURANCES

The applicant gives assurance of compliance with the Title VI of the Civil Rights Act of 1964, as amended. The Act prohibits discrimination on grounds of race, sex, color, religion, marital status, handicap, age or national origin.

The applicant further gives assurances that:

The applicant will comply with Federal and State air and water regulations and obtain all necessary permits and certifications for all environmental requirements.

The applicant warrants that all Federal, State and Municipal tax liabilities are current, and that no assets of the borrower are encumbered due to non-payment of taxes.

The funding of this Project will not result in the relocating of jobs from one labor area to another.

Flood Hazard Insurance will be obtained when needed.

The applicant will insure accessibility to the handicapped for construction projects to which the public will have access.

The applicants will wherever possible give consideration for employment to the long-termed underemployed and unemployed residing in this area.

I have read and given these assurances and affix my signature on this _____ day of _____, 20_____.

Signed: _____

Title: _____