

PAWTUCKET’S BUSINESS DEVELOPMENT CORPORATION
BUSINESS MICRO-LOAN PROGRAM

BACKGROUND: The City of Pawtucket offers small businesses low-interest financing through Pawtucket’s Business Development Corporation (PBDC). **This unique financing tool offers micro-loans to small businesses to fund projects that would otherwise not be able to be completed without this public assistance. This loan can be the sole financing mechanism for business ventures or complement other private and public loan programs available on a local, state and federal level.** PBDC works closely with banks and other lending institutions to design incentive packages that fit the needs of individual businesses. PBDC’s collateral interest is subordinated to principal lender(s).

HOW IT WORKS: Under this Program, PBDC will provide micro-loans for businesses with ten or fewer employees operating in the City or planning to locate in the City, which can be used as part of the total project cost. The PBDC encourages applicants to contribute the maximum amount of equity possible as part of the total project financing. All loans administered under this program shall be no less than \$2,000 and no more than \$15,000. PBDC can serve as the primary lender OR secondary lender to finance the applicant’s proposed project.

INTEREST RATE: Interest rates will be determined by the loan committee and can be as low as 2%

ELIGIBLE BUSINESSES:

- Manufacturing
- Retail
- Wholesale
- Service
- Other Commercial/Industrial

ELIGIBLE PROJECTS:

Commercial Ventures: Provide matching loans to retail and service-sector borrowers, including start-ups. Eligible uses of funds include inventory and lease-hold improvements.

Equipment Loans: Provide matching loans to industrial borrowers working to purchase equipment or upgrade existing equipment. Borrower is allowed to borrow up to 90% of value of equipment.

Working Capital Loans: Provide working capital for inventory materials, marketing and related expenses to industrial and commercial borrowers. **Relocation loan related expenses for businesses moving into the City are included in this program.**

Restaurant Loans: Provide incentive funding for the improvement and/or expansion of restaurants located in the City's 307-acre Arts & Entertainment District or those interested in relocating to this area.

JOB REQUIREMENTS:

The PBDC requires that a business owner submitting the application for the loan must be a low/moderate income individual (see attached income guidelines).

GEOGRAPHIC COVERAGE:

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

PROCESS:

The PBDC has a Loan Review process that is carried out through the staff of the City's Department of Planning and Redevelopment. Normally it takes approximately 30 days or less, once a complete business plan is submitted, to complete the review. The PBDC meets monthly and the end of each month to review pending applications. Only the full Board can approve a loan request. Once approved, the PBDC can close on a loan as soon as all legal documentation are obtained and or prepared by its legal counsel. The following is a list of information normally required to review a loan application.

- History and description of business;
- Statement detailing exact use of loan proceeds;
- Statement detailing anticipated benefits from proposed financing;
- Balance sheet, profit and loss statement and/or tax returns for previous three years;
- Current balance sheet and current operating statement (not over 60 days old);
- Pro forma balance sheet and projected operating statement for three years minimum (five years preferred), including basis used for sales/income projections;
- Monthly cash flow for first 11 months of operation or three months beyond "break-even" point;
- A copy a business plan, if available;
- Resumes of principal;
- Listing of all existing business loans/debt including original date and amount, balance owed, interest rate, monthly payment, maturity, security and loan status

- (current/delinquent);
- Copy of franchise agreement (if applicable);
 - Any available market data demonstrating the project's economic feasibility;
 - Current personal financial statement for each proprietor, partner and officer as well as each stockholder with 20% or more business ownership;
 - Number of current employees, by job category, including hourly wage/salary;
 - Number of positions to be created, by job category, including hourly wage/salary;
 - Description of collateral proposed to secure loan; and
 - A current certificate of Good Standing for a Corporation or Doing Business As (d/b/a) Certificate from the RI Secretary of State's office.
 - A **business development plan** created with assistance from an outside agency within the past 6 months. Applicants are encouraged to use one of the City's partner organizations, the [Small Business Development Center \(SBDC\)](#) or [Progreso Latino](#) for free assistance in crafting a business plan. Contact information for these organizations is provided upon request by Herb Weiss, the Economic and Cultural Affairs Officer in the Department of Planning and Redevelopment. Herb Weiss can be reached by phone at (401)-728-0500 ext.437 or by email at hweiss@PAWTUCKETRI.com.

All businesses that receive micro-loans are **required** to submit quarterly progress reports, four per year, that detail the progress made toward achieving objectives, fiscal health and expenditures, and goals for the next quarter. Business owners are also required to utilize the business counseling services of an outside agency, which can be the same one that was used to develop their business development plan. This organization's input and guidance must be incorporated into each quarterly progress report in the first year after the loan is dispersed.

All of the information submitted for our review must be signed and dated. Please contact Herb Weiss with any questions or comments at (401)-728-0500 ext.437 or by email at hweiss@PAWTUCKETRI.com.

For more information on the Pawtucket Business Development Corporation (PBDC) and the available loan programs, go to <http://www.pawtucketri.com/pbdc-loan-program>.

* 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.