

**Open for Business!**

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## **Loan Application**

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- Loan Application
- Resolution of the Board of Directors
- Appendix: NBEDC Loan Products

*February, 2008*

## **New Bedford Economic Development Council, Inc.**

### **Lending Program Overview**

#### **Background**

The New Bedford Economic Development Council (NBEDC) provides financing for capital expenditures and working capital to facilitate business expansion, relocation, and start-ups. NBEDC utilizes various public and private programs described in Appendix A to meet the needs of its clients. Financing made available through the NBEDC is reserved for small businesses and entrepreneurs that lack access to traditional financing sources and/or require "gap financing."

#### **Eligible Businesses**

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

#### **Interest Rate**

Interest rates are fixed and based on the Prime Rate.

#### **Fees**

NBEDC charges a non-refundable application fee payable upon receipt of application and an origination fee payable at closing. Fees are also charged for late payments, loan modifications, and non-compliance.

#### **Loan Term**

Loans are generally written for a five-year term. Amortization schedules may exceed the note term.

#### **Loan Collateral**

Loans will generally be secured by all business assets of the borrower and guaranteed of the principal owner(s) (20% or more ownership.) NBEDC generally will require that personal guaranties are secured by guarantors' personal assets.

#### **Management Capacity**

Borrower must demonstrate satisfactory management capacity and, if requested, a willingness to accept close consultation and assistance throughout the life of the loan.

#### **Financing Gap**

Borrower must demonstrate the lack of adequate capital or loan funds to fully finance the business's needs.

#### **Job Requirements**

NBEDC requires that a business must demonstrate that it can create a minimum of one (1) full-time equivalent job or will retain a minimum of one (1) full-time equivalent job for each \$25,000 of NBEDC investment. For example, if NBEDC is contributing \$70,000, NBEDC requires that at least 3 new jobs be created or evidence that 3 jobs have been

retained as a result of these loan funds in the first year of the loan. NBEDC also requires that at least 51% of those jobs are offered to or retained by low and or moderate income (based on HUD guidelines) individuals.

**Process**

NBEDC has a loan review committee which meets monthly. Therefore, it may take up to 30 days from the time that a complete application package is received, to obtain approval. NBEDC will close the loan as soon as the loan documentation is prepared by its legal council. All expenses incurred in the preparation of loan documentation are the responsibility of the borrower.

The following information should be included with the loan application:

1. Complete NBEDC loan application package.
2. Business plan including 3 years of projections.
3. 3 years prior financial statements; corporate tax returns.
4. Personal financial statement and tax return for all principals with 20% or more ownership.
5. As 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 TEL 508-991-3122; FAX 508-991-7372

New Bedford Economic Development Council, Inc.  
1213 Purchase Street · Third Floor  
New Bedford, MA 02740

**New Bedford Economic Development Council, Inc.**

**Loan Application Checklist**

With your application form, include the additional documents as indicated.

- A comprehensive business plan with 3 years projections
- The past three years financial state / tax returns (Schedule c)
- Your own personal tax return for past 3 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 bank denial letter
- 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)
- Career Center Job Posting Request
- Memorandum of Agreement

Return the above applicable information as soon as possible.  
Please call 508-991-3122 x 24 if you have questions.

**CREDIT AUTHORIZATION FORM**

*Required for all guarantors or co-makers*

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_

SOCIAL SECURITY #: \_\_\_\_\_

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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 NBEDC Lending Program.

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Name Date

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Name Date

**NEW BEDFORD ECONOMIC DEVELOPMENT COUNCIL, INC.**

**LOAN APPLICATION**

Date: \_\_\_\_\_

**I. BUSINESS INFORMATION**

Business Name \_\_\_\_\_

Address \_\_\_\_\_

Telephone \_\_\_\_\_ Tax I.D.# \_\_\_\_\_

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. # \_\_\_\_\_

Contact and Title \_\_\_\_\_

Address \_\_\_\_\_

Telephone# \_\_\_\_\_ Email \_\_\_\_\_

**II. LOAN REQUEST INFORMATION**

Amount \_\_\_\_\_ Term \_\_\_\_\_

Purpose/Use of Funds \_\_\_\_\_

Collateral Offered \_\_\_\_\_

Primary Repayment Source \_\_\_\_\_ Secondary Source \_\_\_\_\_

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**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	_____
<b>Total Loan Requested</b>	<b>\$ _____</b>

**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	\$ _____
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**III. FINANCIAL INFORMATION**

Existing Businesses: Minimum 3 Years of Financial Statements are required

New Businesses: Comprehensive Business Plan with 3 years of financial projections

Credit Relationships:

<u>Name of Creditor</u>	<u>Purpose of Loan</u>	<u>Amount</u>	<u>Bal.</u>	<u>Terms</u>	<u>Maturity Date</u>
		\$	\$		
		\$	\$		
		\$	\$		

**IV. MONTHLY SCHEDULE ALL OBLIGATIONS**

<u>Creditor</u>	<u>Purpose</u>	<u>Amount</u>	<u>Bal.</u>	<u>Mo. Terms</u>	<u>Rate</u>	<u>Maturity Date</u>

**V. NARRATIVE INFORMATION**

Please include as much narrative information as possible on your specific business, market, and industry. Include a business history, current status, and business plans. Be specific about your product and services, your customers and target market, and your competition. Describe the management team and professional consultants.

**VI. TRADE REFERENCES**

Name \_\_\_\_\_

Address \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Contact Name \_\_\_\_\_ Telephone \_\_\_\_\_

**MISCELLANEOUS INFORMATION**

Are Tax Liabilities Current?  YES  NO If NO 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 declared bankruptcy?  YES  NO If YES provide details under Sec. V.

Is the business or principal party to any lawsuits?  YES  NO If YES, provide details in Sec. V.

Are any of the business's assets encumbered by liens 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

**ADDITIONAL INFORMATION**

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**CERTIFICATION**

The undersigned certifies 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) \_\_\_\_\_

Authorized Signature \_\_\_\_\_ Date \_\_\_\_\_

Title \_\_\_\_\_

**RESOLUTION OF THE BOARD OF DIRECTORS**

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(Name of Corporation)

1. RESOLVED, that the Officers of the Corporation named above, 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.

**CERTIFICATION (CORPORATE RESOLUTION OF THE BOARD OF DIRECTORS)**

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution regularly presented to and adopted by the Board of Directors of

\_\_\_\_\_ {Name of Corporation}

at a meeting duly called and held at \_\_\_\_\_ on the \_\_\_\_\_

day of \_\_\_\_\_ 200\_, at which a quorum and present and voted, and that such resolution is duly recorded in the minutes of this Corporation; that the officers name in said resolution have been duly elected or appointed to, and are the present incumbents of, the respective offices set after their names, and that the signatures set opposite their names are their respective names and are their true and genuine signatures.

\_\_\_\_\_  
Secretary

(Seal)

Note: In the case the applicant is a corporation, the Resolution of the (Corporation's) Board of Directors must accompany this loan application.

## Appendix A

### NEW BEDFORD ECONOMIC DEVELOPMENT COUNCIL, INC.

#### LOAN PRODUCTS

##### Competitive Capital Access Program (CCAP)

This program provides financial assistance to small and medium sized businesses for which access to traditional financing sources is either not available or cost effective. Funds must be utilized for capital expenditures involving equipment purchases, property improvement, expansion, and relocation projects. CCAP also promotes the creation and retention of jobs, primarily for low to moderate income individuals within the community.

This program is not available to existing businesses within the Commonwealth looking to relocate in New Bedford, unless there is documented evidence that the company would otherwise relocate out of the state.

##### Community Economic Loan Fund (CELF)

Established with funds provided by the City of New Bedford under a Community Development Block Grant (CDBG) entitlement, CELF promotes the creation and retention of jobs, primarily for low and moderate income individuals. Funding under this program is only available for gap financing that leverages private and other public funding already committed to a project.

Projects financed through CELF must support one of the three national objectives of the CDBG program by:

- Benefiting low and moderate income individuals;
- Aiding in the prevention or elimination of slums and blight;
- Meeting other priority community development needs.

Additional information about the criteria to meet the CDBG national objectives is found at *24 CFR 570.208*.

##### Micro-Enterprise Loan Fund

Established with funds provided by the City of New Bedford under a Community Development Block Grant (CDBG) entitlement, the Micro-Enterprise Loan Program promotes the creation and retention of jobs primarily for low to moderate income individuals within the community. This program, as defined by the Department of Housing and Urban Development (HUD) in regulation *24 CFR 570.201 (O)*, is restricted to businesses with five employees or less at the time of application. Additionally, business accessing funding under this program must demonstrate the ability to meet one of the following national objectives of the CDBG program:

- Funding 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.

- Funded projects provide services to a residential area that has a sufficiently high percentage of Low/Moderate Income persons.

## **Entrepreneurial Loan Fund (ELF)**

The New Bedford Economic Development Council, Inc. in conjunction with the Community Economic Development Center (CEDC) established this program with funds provided by the City of New Bedford under a Community Development Block Grant entitlement. ELF provides funding to micro-enterprises, as defined by the Department of Housing and Urban Development (HUD) in regulation *24 CFR 570.201 (O)*, and is restricted to businesses with five employees or less at the time of application. The ELF program is administered by the CEDC with NBEDC oversight. Potential borrowers should be referred directly to CEDC.

## **EDA Title IX Fisheries Assistance Revolving Loan Fund**

The New Bedford Economic Development Council established this program with a grant from the U.S. Economic Development Administration and matching private funds. This program created a revolving loan fund dedicated to the fishing industry and fishing-related businesses. The funds are intended to help stabilize the local fishing industry and strengthen the local economy by creating or retaining long term jobs for individuals in the fishing industry or individuals who have been displaced from the fishing industry.

Eligible businesses include:

- **Vessels** – Acquisition and equipment financing including overhauling mechanical components, gear repair, new equipment required by federal regulations, retrofit activities to accommodate new technology for underutilized or alternative species;
- **Processors** - Financing for the conversion of equipment to support improved processing techniques and retooling to process new product lines including underutilized or alternative species;
- **Suppliers** - Financing for new lines of inventory required under new fisheries guidelines, loans for short-term working capital needs resulting from mandated changes in the fishing industry.
- **General Fishing-Related Businesses** – Financing for small businesses with potential for growth and job creation in the geographic area affected by the dislocation of the fishing industry.

## **EDA Revolving Loan Fund (Non-Fishing)**

Established with a grant from the U.S. Economic Development, this program is available for qualified borrowers in conjunction with other private sources of funding. Funding under this program is only available for gap financing that leverages private and other public funding already committed to a project.

Loan funds may be used for the acquisition of land and buildings, equipment, machinery, furnishings and other fixed assets, and working capital.

## **Brownfields Clean-Up Revolving Loan Fund**

This program was established by an Environmental Protection Agency award. The program provides low interest rate loans to facilitate the clean-up of commercial or industrial properties contaminated by hazardous materials in order to promote job creation, revitalize town centers and protect the environment.



Loan amounts range between \$100,000 and \$425,000 per site. The interest rate, fees, and terms vary.

Eligible sites and borrowers must meet the following criteria:

- Site must have been determined to have an actual release or substantial threat of release of a hazardous substance;
- The release does not involve a product which is part of a structure such as lead paint or asbestos or a drinking water supply deteriorated through ordinary use;
- Phase I and II Site Assessments must be completed according to the requirements of the Mass Dept. of Environmental Protection and provide the location of hazardous materials;
- Funds may not be used to clean-up properties contaminated by petroleum products unless they are commingled with non-petroleum hazardous materials;
- There is sufficient time (6 months) available to plan and select a response and to implement a community relations and public involvement activities prior to initiating clean-up;
- Site Assessment and clean-up must be completed in accordance with all federal and state regulations.