

FACT SHEET

MICRO LOAN PROGRAM

BACKGROUND:

SEED is an **Intermediary Lender under SBA's Micro Loan Program**. This designation provides SEED with access to \$3.5 million in loan funds to assist micro businesses.

SEED also has grants and funds totaling \$1.5 million for micro loans in the region. The funds were provided by the Massachusetts Department of Housing and Community Development (DHCD).

The following banks have contributed a cash match to establish the program: **Eastern Bank; Rockland Trust Company; Sovereign Bank; and Webster Bank.**

With funds from SBA, SEED provides **technical assistance** to start-up and existing small businesses.

LOAN AMOUNT:

Under the **Micro Loan Program**, SEED provides loans **up to \$35,000** which can be used for working capital, inventory, leasehold improvements, machinery and equipment, furniture and fixtures, and refinancing of business credit card debt.

ELIGIBLE BUSINESSES:

Manufacturing, retail, wholesale and service businesses usually having 20 employees or less at the time of application and meeting the definition of small business.

GEOGRAPHIC COVERAGE:

The program provides assistance to small businesses in **Massachusetts and Rhode Island**. SEED will defer to local programs providing the same type of assistance.

LOAN TERM:

Up to six years with options to defer principal payments, amortize over longer periods or establish seasonal schedules as needed.

LOAN RATE:

Generally close to market rate and fixed for the term.

LOAN COLLATERAL:

All appropriate **business assets, personal guaranties and personal assets** as necessary to collateralize the loan.



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JOB REQUIREMENT:

The small business has to demonstrate **potential for job creation or retention**, especially jobs which would be available to low and moderate-income individuals. Job creation compliance will be monitored by SEED.

MANAGEMENT CAPACITY:

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

FINANCING GAP:

The small business has to demonstrate that **adequate capital or loan funds to fully finance the business' needs are not available**. A micro loan can be a portion of a larger financing package in conjunction with a bank.

LOAN DECISIONS:

Decisions on loans will be made on the basis of the following: a small business' **need for the loan**; a small business' **ability to create or retain jobs** and/or provide a **community service**; the **character and management ability of the principals**; **credit history of the principals**; **cash flow available** to repay the loan; and **collateral** for the loan.

PROCESS:

SEED's Micro Loan Committee meets at least once a month to approve loan applications. **Normally it takes 30 days or less to obtain approval**. The following is the information needed to review a loan application:

- **Application Form**;
- **Business Plan** for a start-up business;
- **Statement on the use of funds** (quotes, invoices, appraisals, tax assessments);
- **Business financial statements and IRS returns for the past 3 years**;
- **Interim financial statement no older than 90 days** (can be done in house);
- **Projections** (at least one year) including a Day One Balance Sheet for start-up businesses; and
- **Personal financial statements for principals with 20% or more ownership and personal IRS returns for the past 2 years**

SEED OFFICERS:

James McEvoy, Chair; Ferdinand T. Kelley, Vice-Chair; William Barnes, Treasurer; R. Bruce Hammatt, Jr., Assistant Treasurer; Richard Shafer, Clerk; William Lewis, Assistant Clerk; and Jack B. Meehl, Jr., Past Chair

SEED STAFF ASSIGNED TO THE PROGRAM:

**Laurie Walsh, AVP, Commercial Loan Officer and Business Assistance Manager
William Diskin, Business Assistance Officer
Tamarah Barao, Marketing Manager and Business Assistance Director
Anne Rounds, AVP, Operations and Closing Manager**

FOR MORE INFORMATION, PLEASE CONTACT SEED**Phone: (508) 822-1020****Fax: (508) 880-7869****Email: info@seedcorp.com****Website: www.seedcorp.com**

SEED is an equal opportunity lender and business assistance provider.