

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 grants 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; Slade's Ferry Bank; Sovereign Bank; and Webster Bank.**

With funds from the State of Massachusetts and 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, leasehold improvements, machinery and equipment, and furniture and fixtures.

ELIGIBLE BUSINESSES:

Manufacturing, retail, wholesale and service businesses usually having five 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 most of 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 market rate and based on an analysis of the business' needs and repayment ability.

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, 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 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:

Jack Meehl, Jr., Chair; James McEvoy, Vice-Chair; Manuel Tavares, Vice-Chair; Ferdinand Kelley, Treasurer; William Barnes, Assistant Treasurer; Richard Shafer, Clerk; William Lewis, Assistant Clerk; and Lorraine Travers, Past Chair

SEED STAFF ASSIGNED TO THE PROGRAM: Lisa Holmes, Assistant Vice President
Laurie Walsh, Micro Loan Officer & Business Assistance 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