

MEMORANDUM

OFFICE OF COMMUNITY DEVELOPMENT

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MICROENTERPRISE ASSISTANCE PROGRAM

The Town of Plymouth Microenterprise Assistance Program (MAP) is funded by Community Development Block Grant monies and is administered by the Plymouth Office of Community Development. All business sectors – including industry, retail, services, agriculture and tourism are eligible for the program.

The Plymouth Office of Community Development encourages all kinds of entrepreneurs to look into the Microenterprise Assistance Program – whether you are just starting out with a good idea or have an existing small business that needs help to continue to grow. Our primary objective is to assist in the establishment and expansion of small businesses and the creation of new jobs through business training, low-interest loans and technical assistance.

- **START-UP BUSINESSES** –These must be owned by low and moderate income persons, or will create jobs, the majority of which will be available to low or moderate income persons.
- **EXISTING BUSINESSES** - Eligible businesses must have five or fewer employees, one of whom is the owner of the business. The business must either be owned by low or moderate income persons or will create jobs, the majority of which will be available to low or moderate income persons.
- **LOW-INTEREST LOANS** – The Microenterprise Assistance Program will provide low-interest loans with flexible repayment terms in amounts up to \$35,000. The loans, which require a 10% cash equity contribution, can be used for acquisition, renovation, working capital, furniture, equipment and any other justifiable need. All start-up businesses and existing businesses must be located in Plymouth and will be required to attend a 7-week training course and submit a business plan prior to applying for a Microenterprise Assistance Program loan.
- **BUSINESS TRAINING** – The Plymouth Office of Community Development offers a 7-week training course conducted by Cape Cod Score. A description of the material covered in the course is available at www.scorecapecod.com under Business Training Workshops. Enrollment fee is waived for Plymouth residents and businesses located in the Town of Plymouth.
- **COUNSELING** – One-on-one counseling is available to entrepreneurs and small business owners through the Microenterprise Assistance Program.

AVAILABLE JUNE 1, 2009

MICROENTERPRISE LOAN PROGRAM

Amounts: Minimum loan of \$5,000.00

- For start-up businesses the maximum loan amount is \$25,000.00
- For existing or expanding businesses, the maximum loan amount is \$35,000.00.
- Participation loans with other lenders are considered on a case-by-case basis.

TERMS:

- Repayment terms vary based on use of funds and cash flow.
- Non-mortgage term loans will not exceed 60 months.
- 10% cash equity contribution by the borrower toward total project cost required.
- Fees vary, depending on size of loan, collateral and other factors.
- Business must be located in the Town of Plymouth.

RATE:

- $\frac{1}{2}$ prime + 1%.
- Interest rate is subject to change without notice.

COLLATERAL: all loans shall be secured by one, or more, of the following:

- Mortgage
- Business assets – equipment, vehicles, etc.
- Personal guarantee(s)
- Co-guarantor(s)
- Contract assignment
- Other

FEES:

- Application fee -\$25.00 due at time of application (covers cost of credit report)
- Legal fee – varies according to size and purpose of loan, but typically \$275.00 due at closing; may be paid from loan proceeds(certain loans may be closed at OCD office with no legal fee)
- Other fees – in addition to the above, borrower is responsible for all closing costs associated with a loan, including, but not limited to, filing, recording and title fees.

REPORTING:

- Quarterly financial report reviewed at place of business
- Annual tax returns
- Report on job creation/retention.

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Town of Plymouth Microenterprise Loan Application Process

Typical Steps:

1. Prospective borrower if it is a start-up business must complete 7-week business course conducted by Cape Cod Score.
2. Prospective borrower contacts the Office of Community Development (OCD).
3. OCD Director informs prospective borrower about types of loan products.
4. If appropriate, prospective borrower completes loan application, including an approved business plan.
5. Application is submitted to OCD. After initial review, additional information may be requested.
6. OCD staff orders a credit report and begins underwriting the loan. Additional information may be requested.
7. When the application is complete, it is presented for final review and approval.
8. If approved, a commitment letter is issued. Borrower signs indicating acceptance of proposed loan terms and conditions.
9. OCD coordinates the loan closing, which may be at OCD or its attorney's office.
10. After loan is made, OCD services and monitors the loan.