

OFFICE OF COMMUNITY DEVELOPMENT

11 Lincoln Street. Plymouth, Mass. 02360
barons@townhall.plymouth,ma.us.
508-747-1620 ext 150

MICROENTERPRISE ASSISTANCE LOAN 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.

Our Lending Differs From Regular Bank Practices.

The Office of Community Development understands that small business owners need access to money but often can't qualify for standard bank loans because they lack a business history, sufficient collateral or have limited credit. For us, lending is about creating jobs, helping people increase their incomes and strengthening our local economy. The Plymouth Office of Community Development encourages all kinds of entrepreneurs to look into our Microenterprise Assistance Loan Program – whether you are just starting out with a good idea or have an existing small business that needs help to continue to grow.

- **START-UP BUSINESSES** –These must be owned by low and moderate income persons (earning \$34,500 - \$48,800 annually), 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% 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 submit a business plan when applying for a Microenterprise loan.**
- **COUNSELING** – Prior to loan approval, entrepreneurs are required to participate in appropriate business counseling through the local SCORE office located at 134 Court Street, Plymouth, Ma. www.scoresema.org. These free resources are intended to assist in the development of a business plan, as well as strengthen marketing, management and financial capabilities. If additional business counseling is required by the lender, either prior to loan approval or throughout the course of the loan, the business owner must agree to complete it.

Office of Community Development Microenterprise Loan Program

Amounts: Minimum loan of \$5,000.00

- For start-up businesses the maximum loan amount is \$35,000.00
- For existing or expanding businesses, the maximum loan amount is \$50,000.00.
- Participation loans with other lenders are considered on a case-by-case basis.

LOAN TERMS:

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

RATE:

- 2.63% FIXED.
- 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
- Lien shall be junior to any previously recorded lien.

FEES:

- Legal fee – varies according to size and purpose of loan, certain loans may be closed at the Plymouth Office of Community Development 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.

APPROVAL CRITERIA:

- Strength of Business Plan
- Business skills and experience of business owner
- Repayment ability
- Available collateral
- Equity participation; return on equity
- Acceptable financials and projections
- Reasonable costs and financial feasibility
- Acceptable risk

PLYMOUTH OFFICE OF COMMUNITY DEVELOPMENT

Microenterprise Loan Application Process.

Typical Steps:

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