



EAST PROVIDENCE COMMERCIAL LOAN PROGRAM

PROGRAM INFORMATION AND APPLICATION

EAST PROVIDENCE ECONOMIC DEVELOPMENT COMMISSION

CITY OF EAST PROVIDENCE

145 TAUNTON AVENUE

EAST PROVIDENCE COMMERCIAL LOAN PROGRAM

Loan Program Information

I. Introduction to the Commercial Loan Program

Administered through the City's Economic Development Commission (EDC), the purpose of the East Providence Commercial Loan Program is to create a public investment mechanism for commercial investment in the City. This will be achieved by providing partial funding in the form of moderate cost loans to qualified firms to allow them to locate, expand and/or develop business operations in the City.

The Revolving Loan Program may fill the gap in the amount of financing needed by business firms and the amount of funds available through conventional lending sources, thereby leveraging public funds with private capital.

One of the major goals of the program is to encourage and assist economic development in the City by creating additional job opportunities, job retention, investment in land, buildings and equipment to expand the City's tax base and to promote expansion in business investment.

II. Program Guidelines

Eligible Types of Loans

1. Fixed asset loans for the acquisition, construction and improvements of land, buildings, equipment, including new construction, substantial additions or renovations of existing facilities, demolition and site preparation;
2. Loans approved by the Economic Development Commission shall be a minimum amount of \$10,000 and a maximum of \$99,000. Any loans in the amount of \$100,000 or greater require the approval of the East Providence City Council. Loans on land, buildings are limited to fifteen (15) years. Machinery and equipment loans may be limited to a maximum of ten (10) years.

Eligible Loan Activities

1. Loans for projects in manufacturing, processing, research and development and other commercial development activities;
2. Participation with other loan programs such as the Small Business Administration (SBA) 504 and 7A Programs.

Interest Rates

1. The interest rate of the City's Revolving Loan Fund will be twenty (20) percent below the prime rate with the prime rate established at the date of the closing and adjusted annually on the anniversary date of the closing. In no case, however shall the interest rate be lower than three (3) percent;
2. An annual service fee of one (1) percent of the loan balance will also be charged.

Evaluation Standards

Projects submitted for financing will be evaluated on the following criteria:

1. Information provided in the application and financial statement containing financial feasibility and probability of repayment;
2. The ratio of dollar amount of the loan requested keyed to the number of jobs and the nature of the jobs created;
3. Priority will be assigned to employment of East Providence residents;
4. The impact of the project on strengthening and expanding the economy of the City.

Fees and Expenses

1. Required at the time of application should be a non-refundable application fee in the amount of \$200.00;
2. A loan administration fee of one (1) percent of the initial loan amount will be charged to cover the cost of processing the loan.
3. If the application under consideration is approved by the loan committee established by the City, the application fee will be applied entirely toward the administration fee;
4. All loan closing costs will be paid by the borrowers at the time of the closing.

Ineligible Activities

1. Speculative activities such as land banking and speculative building;
2. Loans for investment in interest accounts, certificates of deposit or other investment mechanisms;
3. Subsidized interest payments on existing loans;
4. Refinancing of loans made by other lenders;
5. Providing the entire equity contribution required of borrowers participating in other EDA business loan programs or other loan programs;
6. Loan requests for investment property in which the owner would occupy less than twenty five (25) percent of the subject property;
7. Loan requests for working capital or to cover the purchase of inventory, either wholesale or retail.



Equal Opportunity Lending

East Providence Economic Development Program (EPEDP) - Industrial Loan Program

EPEDP Does Business in Accordance with Title IV, Civil Rights Act of 1964 and the Equal Credit Opportunity Act and Amendments of 1976

It is illegal to:

Discourage a loan inquiry or refuse to accept a written loan application;

Discriminate in fixing the amount, interest rate, duration application procedures or other terms or conditions of a loan on the basis of race, color, national origin, religion, sex, sexual orientation, marital status or age.

If you believe you have been discriminated against you may speak with the management of EPEDP, complain to the Rhode Island Commission for Human Rights and/or consider filing a suit under Federal Laws.

EPEDP

“An Equal Opportunity Lender”

Completed applications should be submitted to:
East Providence Economic Development Commission
c/o Department of Planning and Urban Development
City Hall, 145 Taunton Avenue
East Providence, RI 02914

Further information and application preparation assistance may be requested by calling the East Providence Department of Planning and Urban Development at (401) 435-7531 ext. 11153



Application Fee

A \$200 non-refundable application fee must accompany the loan application

Processing Fee

1. Direct loan without SBA participation, one (1) percent of loan amount;
2. Direct loan with SBA under the 504 program, one and one half (1 ½) percent of the EDC loan

Administrative Fees

Under the SBA loan programs, the EDC is allowed to charge an annual fee of .50% of the EDC principal loan balance outstanding, payable on the anniversary date of the loan closing.

Terms and Conditions

ANY INFORMATION GIVEN TO THE EDC WILL BE HELD AS CONFIDENTIAL

1. EDC will make every effort to maintain the secrecy of confidential trade secrets and financial information now and hereafter submitted in connection with this application. Consideration of the loan request will take place, however, in a public meeting subject to Rhode Island Open Meeting Law requirements;
2. EDC shall not be liable for expenses incurred by the applicant in connection with the preparation and submission of any request for financial assistance;
3. The applicant will be responsible for any and all legal expenses incurred by the EDC, whether or not the loan is made;
4. Request for financial assistance will be approved or rejected at the discretion of the EDC and the City of East Providence. The approval will be conditioned on the negotiation of an appropriate legal agreement between the applicant and the City of East Providence and may be conditioned on the availability of funds;
5. The Commission's commitment to offer a loan shall be valid for ninety (90) days unless otherwise extended with the concurrence of both the applicant and the EDC;
6. The applicant gives assurance of compliance with Title IV of the Civil Rights Act of 1964, as amended. The act prohibits discrimination on the grounds of race, color, national origin, religion, sex, sexual orientation, marital status or age;
7. The applicant agrees that full payment of any loan from the EDC will be due if said firm receiving the loan relocates at a subsequent date outside the City of East Providence.

I have read and accept the terms and conditions of the application form and affix my signature on this _____ day of _____, 20__.

Signed: _____

Title: _____

APPLICATION MATERIALS

- I. Request For Financial Assistance
- II. Benefit Criteria
- III. Required Application Exhibits
- IV. Personal Financial Statement



I. Request For Financial Assistance Form

East Providence Commercial Loan Program
City of East Providence Economic Development Commission
East Providence City Hall
145 Taunton Avenue
East Providence, Rhode Island 02914
Contact: James Moran, Principal Economic Planner
Phone: 401-435-7531 ext. 11153
Email: Jmoran@cityofeastprov.com

A. Applicant Business

Name and Title: _____

Name of Business: _____

Address: _____

City, State, Zip Code: _____

Telephone: _____ email: _____

Date Business Established: _____ Number of Employees: _____

Type of Business: _____

Sales Volume Latest Year: _____

Profit (Loss) Last Year: _____

Bank Where Your Business has an Account: _____

B. Management: List the names of all owners (having 10% or greater interest), officers, directors, and/or partners. Provide the percent of ownership and annual compensation

Name: _____

Title: _____

Address: _____

Annual Compensation: _____

Percent of Ownership: _____

Name: _____

Title: _____

Address: _____

Annual Compensation: _____

Percent of Ownership: _____

Note: Use the opposite side of this page to include additional names, if necessary.

C. Product/Services Narrative

Describe:

D. Project Impact:

Describe:

Time Needed to Complete Project: _____

E. Distribution of Total Project Costs/Financing

1. Costs:

Real Estate Acquisition: \$ _____

Leasehold Improvements: \$ _____

Machinery/Equipment: \$ _____

Other: \$ _____

Total Project Cost: _____

2. Funding/Financing

Bank Financing: \$ _____

SBA/IRB: \$ _____

Other: \$ _____

Applicant's Funding Contribution: _____

Total Project Financing: \$ _____

Amount Requested From EDC: \$ _____

Source of Working Capital after project is complete _____

F. Other Capital Resources

Name and Address of other entities/organizations that have at any time funded this project:

Name: _____

Address: _____

G. Source of your Share of the project funds (Check all that apply)

Sales of Present Line ____ Venture Capital ____ Bank ____ Personal Loans ____ Other ____

Please provide brief description to explain if any of the items above are checked

Agreement: The applicant agrees that full payment of any loan from the EDC will be due if said firm receiving the loan relocates at a subsequent date outside the City of East Providence. I have read and accept the conditions of the application form and affix my signature on this

____ day of _____, 20____ **Signed:** _____

II. Benefit Criteria

A. Job Creation and Retention

- 1. Number of New Permanent Jobs to be Created _____
- 2. Number of Existing Jobs to be Retained _____

Jobs Creation Table

JOB TITLE	NUMBER OF JOBS	ANNUAL WAGE

- 3. Projected number of employees with an annual wage below \$22,700 _____
- 4. Does your company have a training program for the new positions? _____
- 5. Does your company use state or local agencies for identifying and/or training new employees? _____

If no is indicated for lines 5 and 6 above, please describe how your company will make new positions available to low to moderate income residents of East Providence:

B. Property Tax Information

- 1. Current Annual Property Tax Payment to the City of East Providence \$ _____
- 2. Projected Annual Tax Payment to the City at the completion of the project \$ _____
- 3. Increase in Property Tax \$ _____

C. Other Benefit Criteria

- 1. Please describe other benefits for the residents of the City of East Providence that will accrue as a result of the assistance requested:

III. Required Application Exhibits

The following information, as appropriate, will be required from each applicant before a review can be conducted. Please submit each exhibit as indicated or check the not applicable (NA) box if the exhibit is not applicable to the application.

Exhibit:	Check As -	Provided	NA
1. Requested for Financial Assistance Form;		<input type="checkbox"/>	<input type="checkbox"/>
2. History and Description of the Business;		<input type="checkbox"/>	<input type="checkbox"/>
3. Statement Detailing the Exact Use of the Proceeds;		<input type="checkbox"/>	<input type="checkbox"/>
4. Resumes and Current personal financial statement of all officers and/or directors and owners of 10% or more of the business' stock;		<input type="checkbox"/>	<input type="checkbox"/>
5. Balance Sheet and Profit and loss statement for the previous three to five years;		<input type="checkbox"/>	<input type="checkbox"/>
6. Current balance sheet and current operating statement (not over 90 days old);		<input type="checkbox"/>	<input type="checkbox"/>
7. Pro-forma balance sheet and projected operating statement for two years;		<input type="checkbox"/>	<input type="checkbox"/>
8. Monthly cash flow for the first twelve months of operation or three months beyond the breakeven point;		<input type="checkbox"/>	<input type="checkbox"/>
9. The names of affiliates and/or subsidiary firms. Include the latest available financial information;		<input type="checkbox"/>	<input type="checkbox"/>
10. List the original date and amount, present balance owed, interest rate, monthly payment, maturity and security for each loan or debt that your business currently has. Please indicate if the loan is current or delinquent;		<input type="checkbox"/>	<input type="checkbox"/>
11. If the business is a franchise, include a copy of the franchise agreement;		<input type="checkbox"/>	<input type="checkbox"/>
12. Copy of existing or proposed lease or purchase agreement or other financing arrangements;		<input type="checkbox"/>	<input type="checkbox"/>
13. List of collateral to be offered as security;		<input type="checkbox"/>	<input type="checkbox"/>
14. Descriptions and appraisals of the property being acquired;		<input type="checkbox"/>	<input type="checkbox"/>
15. A purchase and sale agreement for the property;		<input type="checkbox"/>	<input type="checkbox"/>
16. Preliminary plans and specifications and estimates of costs covering new construction and/or machines and equipment;		<input type="checkbox"/>	<input type="checkbox"/>
17. Letter from the participating bank and/or other funding sources describing the loan commitment, the amount of the loan, the rate of interest and the term of the loan;		<input type="checkbox"/>	<input type="checkbox"/>
18. Benefit Criteria – Use Sheet on Page 6 of this application.		<input type="checkbox"/>	<input type="checkbox"/>

IV. Personal Financial Statement

Section 1. Individual Information	Section 2. Other Party Information
Name:	Name:
Residence Address:	Residence Address:
City, State, Zip:	City, State, Zip:
Position or Occupation:	Position or Occupation:
Business Name:	Business Name:
Business Address	Business Address
City, State, Zip	City, State, Zip
Phone No.	Phone No.
Email:	Email:

Section 3. Statement of Financial Condition as of _____, 20__			
Assets (Do not include assets of doubtful value)	In Dollars (omit cents)	Liabilities	In Dollars (omit cents)
Cash on hand and in banks		Notes payable to banks – secured	
US Government & Marketable Securities (See Schedule A)		Notes payable to banks – unsecured	
Non-marketable Securities (See Schedule B)		Due to brokers	
Securities held by brokers in margin accounts		Amounts payable to others - secured	
Restricted or controlled stocks		Amount payable to others – unsecured	
Partial interest in Real Estate Equities (See Schedule C)		Accounts and bills due	
Real Estate owned (See Schedule D)		Unpaid Income tax	
Loans Receivable		Other unpaid interest and taxes	
Automobiles and other personal property		Real Estate Mortgages payable (See schedule D)	
Cash Value- Life Insurance (See schedule E)		Other debts - itemize	
Other Assets - itemize			
		Total Liabilities	
		Net Worth	
Total Assets		Total Liabilities and Net Worth	

Sources of Income for Year Ended _____, 20__		Personal Information
Salary, bonuses and commissions	\$	Do you have a will? ____ If so, name of executor
Dividends	\$	
Real Estate Income	\$	Are you a partner or officer in any other venture? ____ If so, describe
Other Income	\$	
(Alimony, child support or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation)		Are you obligated to pay alimony, child support or separate maintenance payments? ____ If so, describe
Total	\$	Are any assets pledged other than as described on schedules? ____ If yes, describe
Contingent Liabilities		Income tax settled through (date)
As endorser, co-maker or guarantor?	\$	Are you a defendant in any suits or legal actions?
On lease or contracts?	\$	
Legal Claims	\$	Personal bank accounts carried at:
Other Special Debt	\$	
Amount of contested income tax liens	\$	Have you ever been declared bankrupt? ____ If so, describe
Total	\$	

Schedule A – US Government & Market Securities

Number of Shares or Face Value (Bonds)	Description	In Name of	Are these Pledged?	Market Value

Schedule B – Non-marketable Securities

Number of Shares	Description	In Name of	Are these Pledged?	Source of Value	Value

Schedule C – Partial Interest in Real Estate Equities

Address & Type of Property	Title in Name of	% of ownership	Date acquired	Cost	Market Value	Mortgage Maturity	Mortgage Amount

Schedule D – Real Estate Owned

Address & Type of Property	Title in Name of	Date Acquired	Cost	Market Value	Mortgage Maturity	Mortgage Amount

Schedule E – Life Insurance Carried, Including NSLI and Group Insurance

Name of Insurance Company	Owner of Policy	Beneficiary	Face Amount	Policy Loans	Cash Surrender Value

Schedule F – Banks or Finance Companies Where Credit Has Been Obtained

Name and Address of Lender	Credit in the Name of	Secured or Unsecured	Original date	High Credit	Current Balance

The information contained in this statement is provided for the purpose of obtaining, or maintaining credit with you on behalf of the undersigned, or persons, firms or corporations in whose behalf the undersigned may either severally or jointly with other, execute a guaranty in your favor. Each undersigned understands that you are relying on the information provided herein (including the designation made as to ownership of property) in deciding to grant or continue credit. Each undersigned represents and warrants that the information provided is true and complete and that you may consider this statement as continuing to be true and complete until a written notice of a change is given to you by the undersigned. You are authorized to make all inquiries you deem necessary to verify the accuracy of the statements made herein and to determine my/our creditworthiness. You are authorized to answer questions about your credit experience with me/us.

Signature (Individual) _____ **Social Security Number** _____

Date of Birth _____ **Date Signed** _____, 20__

Signature (Second Party, If Needed) _____ **Social Security Number** _____

Date of Birth _____ **Date Signed** _____, 20__