

Nashua Micro-Loan Fund

Program Overview

The Nashua Micro-Loan Fund provides loans to qualified existing, or start-up micro-enterprises in Nashua. While loans of up to \$25,000 are possible, it is expected that typical loans will range from \$5,000 to \$15,000. The Micro-loan Fund seeks to assist companies and entrepreneurs who may not currently be eligible to receive loans from traditional banks and financial institutions. The Micro-loan Fund works in partnership with local lenders to be a catalyst for projects that lead to job creation.

Eligibility

The Nashua Micro-loan Fund is funded through City of Nashua Community Development Block Grants (CDBG), which are allocated by the United States Department of Housing and Urban Development (HUD). In order to be eligible for funding, each applicant must:

- *Qualify as a micro entrepreneur or be someone who is looking to start a microenterprise.*
 - A micro-enterprise is defined as a small business with five (5) or fewer employees, at least one of whom is the owner; and
- *Meet one of the following national objectives of the CDBG program:*
 - Benefiting low- and moderate-income persons or preventing/eliminating slums or blight: This is most

commonly achieved if the micro entrepreneur's household income does not exceed income limits for low and moderate income households as defined annually by HUD.

Uses of Funds

- Working capital
- Purchase of equipment
- Purchase of inventory
- Construction and/or renovation of commercial space.

Loan Terms

While terms can be flexible to meet the specific needs of the project, most loans will be structured in the following manner:

- *Loan Amount:* between \$5,000 and \$25,000.
- *Interest Rate:* fixed rate at a minimum of 10%, set at Prime +5-7%
- *Loan Terms:* 3 years maximum/3 year amortization
- *Equity Requirement:* the applicant must typically fund 10-20% of the total project cost. While equity in the form of a cash injection is preferable for working capital loans, the Loan Committee may allow a borrower's net working capital to count for the equity requirement.

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Application Process & Fees

The application multi-step process, including the following steps:

1) *Fill out a pre-application form:*

A pre-application can be submitted at no cost and will be used by RLF staff to determine basic project eligibility and potential feasibility.

2) *Fill out a full loan application:*

If deemed eligible, a full application submitted along with a non-refundable application fee of \$100.

3) *Review by the Loan Committee:*

Loan decisions will be made by a 7-member Loan Committee, made up of City officials, representatives from local banks and community members.

4) *Loan Closing:*

If the loan is approved, the application fee will be applied to the loan origination fee at the time of loan closing. An origination fee of not more than 1% of the loan amount, but not less than \$100, will be charged. Closing costs are the responsibility of the borrower.

Potential applicants to the Nashua Micro-loan Fund are encouraged to contact the City of Nashua Mayor's Office of Economic Development at (603)589-3260 to discuss their project.

Nashua Micro-Loan Fund

Part 1: Pre-Application

The Federal Equal Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal Agency that administers compliance with this law is the Federal Deposit Insurance Corporation, 15 Braintree Hill Office Park, Braintree, MA 02184.

1. Borrower/Business Name: _____
 Address: _____
 City: _____ State: _____ Zip: _____
 Telephone #: _____ Email: _____

2. Type of Business: _____
 Date Established: _____ Federal Tax ID #: _____
 Type of Business Entity: S-corp. C-corp. LLC Sole prop. Partnership

3. Financing Request:
 - a) Amount requested from the Nashua Micro-Loan Fund: _____
 (Fund provides loans between \$5k and \$25K)
 - b) How much owner's equity will be committed to this project? _____

4. Brief Project Description: _____

5. Estimated Project Costs:

a) Land	_____
b) Land Improvements	_____
c) Building	_____
d) Machinery & Equipment	_____
e) Professional Fees (lawyers, etc.)	_____
f) Working Capital	_____
g) Other (contingency construction interest, etc.)	_____
Total:	_____

Nashua Micro-Loan Fund

Part 1: Pre-Application

6. Amount Requested and Source of Funds (include terms and loan interest rates)
- Bank _____
 - Nashua CDBG Micro-Loan Fund _____
 - Agency (SBA, BFA, OSP, etc.) _____
 - Equity _____
 - Total _____
7. Please describe your attempts to obtain commercial credit for this project, specifically which banks you have approached for financing and what was the outcome:
- _____
- _____
8. Project timetable for completion of project:
- _____
- _____
9. Available collateral other than project assets: _____
- | | | |
|-------|-------------|---------------------------|
| _____ | Value _____ | Appraisal Available _____ |
| _____ | Value _____ | Appraisal Available _____ |
| _____ | Value _____ | Appraisal Available _____ |
10. Employment information
- Current number of employees _____
 - Estimate of jobs that will be created or retained after cash infusion _____
11. Application prepared by:
- Name _____
- Title _____ Telephone _____

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Part 2: Application

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1. Borrower/Business Name: _____
 Address: _____
 City: _____ State: _____ Zip: _____
 Telephone #: _____ Email: _____

2. The following questions pertain to the applicant, company, officers, directors or principal stockholders:

Have you ever declared bankruptcy?	Yes___	No___
Have you ever been in receivership?	Yes___	No___
Have you ever had any compromises with creditors?	Yes___	No___
Do you have any pending litigation?	Yes___	No___
Do you have any pending criminal charges?	Yes___	No___
Have you ever been convicted of a felony?	Yes___	No___
Do you owe any payroll or other taxes to the IRS?	Yes___	No___
Are you in default on any federal/school loans?	Yes___	No___

If yes, please describe below:

3. Are all principals U.S. Citizens? Yes _____ No _____

If no, please detail _____

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Part 2: Application

Please list all officers and stockholders of the corporation with 20% or more ownership:

1. Name _____ Title _____
Address _____
City/State/Zip _____
Percent (%) Ownership _____
Social Security Number _____ Date of Birth: _____

2. Name _____ Title _____
Address _____
City/State/Zip _____
Percent (%) Ownership _____
Social Security Number _____ Date of Birth: _____

3. Name _____ Title _____
Address _____
City/State/Zip _____
Percent (%) Ownership _____
Social Security Number _____ Date of Birth: _____

4. Name _____ Title _____
Address _____
City/State/Zip _____
Percent (%) Ownership _____
Social Security Number _____ Date of Birth: _____

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Part 2: Application

Certification / Authorization/ Signatory Pages

1. I/we certify that all information provided is accurate and true to the best of my knowledge. I further certify that the corporation/company applying for funds is current and in good standing with any applicable payroll or other taxes due to the Internal Revenue Service;
2. I/we have not paid anyone connected with the City of Nashua for assistance in obtaining the requested loan;
3. I/we acknowledge that there are fees associated with applying for a loan through the Nashua Green Micro-Loan Fund. Those fees include a non-refundable \$100.00 Application Fee which is assessed after the City of Nashua Economic Development Office reviews the pre-screening application. A Loan Origination Fee of not more than one percent of the loan amount, but not less than \$100.00, will be charged. Legal costs are due at closing and paid by the borrower. I/we agree to pay for or reimburse the City of Nashua for the cost of any surveys, title or mortgage examination, appraisals, etc., performed by non-City personnel provided I/we have given my/our consent.
4. I/we authorize the City of Nashua Economic Development Office to share information gathered on this form and provided by me, with any or all of the Nashua Green Micro-Loan Fund participating banks.

Printed Name: _____
Signature: _____
Title: _____ Date: _____

Printed Name: _____
Signature: _____
Title: _____ Date: _____

Printed Name: _____
Signature: _____
Title: _____ Date: _____

Nashua Micro-Loan Fund

Part 2: Application

Self-Declaration of Income Report

Federal regulations require we obtain this information to document assistance is being provided to low and moderate-income households. The Head of Household should complete this form indicating all persons residing within their household, whether or not they are related. The Contractor should retain this form for reporting requirements as well as for on-site monitoring visits.

PARTICIPANT INFORMATION

Participant Status: Family Individual

Participant Name: _____

Address: _____

City/State/Zip _____

ETHNICITY (please select only one):

Hispanic or Latino Not Hispanic or Latino

RACE (please select only one):

- | | |
|---|---|
| <input type="checkbox"/> White | <input type="checkbox"/> American Indian/Alaskan Native and White |
| <input type="checkbox"/> Black/African American | <input type="checkbox"/> Asian and White |
| <input type="checkbox"/> Asian | <input type="checkbox"/> Black/African American and White |
| <input type="checkbox"/> American Indian/Alaska Native | <input type="checkbox"/> American Indian/Alaskan Native and Black/African American |
| <input type="checkbox"/> Native Hawaiian/Other Pacific Islander | <input type="checkbox"/> Other Multi-Racial: _____ |

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Part 2: Application

HOUSEHOLD INFORMATION

- 1) Circle the number of people living in your household below
- 2) Circle the corresponding income level

Household size	#1 (0-30%)	#2 (31-50%)	#3 (51-80%)	#4 (>80%)
1	\$0 - \$19,500	\$19,501 - \$32,450	\$32,451 - \$44,950	\$44,951 +
2	\$0 - \$22,500	\$22,501 - \$37,100	\$37,101 - \$51,400	\$51,401 +
3	\$0 - \$25,050	\$25,051 - \$41,750	\$41,751 - \$57,800	\$57,801 +
4	\$0 - \$27,800	\$27,801 - \$46,350	\$46,351 - \$64,200	\$64,201 +
5	\$0 - \$30,050	\$30,051 - \$50,100	\$50,101 - \$69,350	\$69,351 +
6	\$0 - \$32,250	\$32,251 - \$53,800	\$53,801 - \$74,500	\$74,501 +
7	\$0 - \$34,500	\$34,501 - \$57,500	\$57,501 - \$79,650	\$79,651 +
8	\$0 - \$36,700	\$36,701 - \$61,200	\$61,201 - \$84,750	\$84,751 +

Check here if unemployed

I certify the above information is true and correct to the best of my knowledge:

Participant/Guardian: _____ Date: _____
(Original signature is required)

Nashua Micro-Loan Fund

Part 2: Application

Loan Application Checklist

Company: _____

Date: _____

Please provide all items below as part of this loan application, and return to the Office of Economic Development.

Information Needed

- Application fee of \$100
- Letters of decline from financial institutions
- Current credit report
- Past three years of business and personal tax returns, all schedules
- Three years of business financial statements, to contain at a minimum, balance sheets and profit & loss statements
- Personal financial statement dated not more than three months prior to the loan application. (Required for each principal with 10% or more ownership in the applicant company, and may be required for individuals with management responsibilities)
- Business plan with financial projections
- Proof of hazard and liability insurance
- Accounts receivable and accounts payable aging schedules, dated the same date as most recent business financial statement
- Debt schedule of fixed obligations
- Collateral listing to secure loan
- Pro forma financial projections, generally to include: description of the assumptions behind the financial projections, a projected cash flow for a minimum of 12 months, a projected balance sheet and income statement for a minimum of 12 months
- Background on Management
- Brochures and other information as to company's products and service
- Self-Declaration of Income Report

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Part 3: Loan Application Addendum

Creditor	Loan Balance	Monthly Payment	PURPOSE/DESCRIPTION	Interest Rate	Loan Origination Date	Maturity Date	Collateral