

# SPRINGFIELD'S SMALL BUSINESS LOAN PROGRAM GUIDELINES

\*As of July 1, 2013\*



Springfield is  
  
for Business

Program Administrator: Tom Mathews  
Springfield Office of Planning & Economic Development  
Springfield, MA 01104  
Phone: (413) 787-6020 Fax: (413) 787-6524

## Eligibility

The Small Business Loan Programs is intended for for-profit businesses which have been in operation for at least one year and are located in the City of Springfield. This program is not intended for start-ups or non-profit organizations, and franchises.

### Types of Businesses and Uses Eligible:

- Commercial establishments (i.e. retail, boutiques, restaurants).
- Service establishments, to include:
  - ✓ Professional services (e.g.: insurance, accountants, architects, doctors, lawyers, etc.).
  - ✓ Personal services (e.g.: dry cleaners, laundromats, barber and beauty shops, etc.).
  - ✓ Certain repair services (e.g.: office equipment, radio/television, bicycle, furniture, locksmith, etc.)
  - ✓ Business services (e.g. advertising, office management, etc.)

### Types of Businesses and Uses Not Eligible:

- ✗ Businesses outside CDBG designated areas (see attached map).
- ✗ Home-based businesses
- ✗ New construction
- ✗ Banks, savings and loan associations
- ✗ Auto repair shops or auto retail establishments
- ✗ Gas stations
- ✗ Adult entertainment establishments
- ✗ Bars and/or liquor stores
- ✗ Properties used entirely for residential purposes. For mixed-use properties, the loan funds may only be expended on the *business / commercial* improvements.

## **Program Goals**

- To assist the growth of small for-profit businesses in Springfield, and specifically to create and retain jobs for low-moderate income individuals.
- To help small businesses become successful, foster a sense of place, and attract visitors to the area.
- To promote an attractive environment for new investment and business activity in the City of Springfield.
- To foster the economic revitalization of the commercial and industrial corridors.

## **Requirements**

- The Small Business Assistance Program is intended for business in CDBG Eligible Areas of Springfield (note: home-based businesses are not eligible to apply).
- Only for-profit businesses which have been in operation for at least one year and are located in the City of Springfield can apply to the Loan Program.
- Eligible businesses include commercial establishments conducting retail and/or wholesale trade; service establishments including professional offices; personal services such as dry cleaning or beauty salons; and other business services such as printing, etc.
- The location or property the business is located may not have delinquent taxes, including property taxes, and neither the business owner nor the property owner may have other delinquent taxes outstanding.
- The property where the business is located must not have active code enforcement actions.
- The property where the business is located must be structurally sound and in compliance with applicable building codes, sanitary codes, and zoning regulations.
- Applicants must comply with all state and local laws and regulations pertaining to licensing, permits, building code, zoning requirements, environmental requirements, etc.

## *Small Business Loan Program Guidelines*

- Applicant must confirm with City Clerk's office on need to register as a business in the City of Springfield.
- Applicant must provide the Program Administrator with all documentation required to ensure compliance with HUD/CDBG requirements including job retention/creation.
- Applicant must provide the Program Administrator with receipts clearly indicating that the loaned funds were used as noted in the budget attached to the Loan Agreement/Contract with the City.
- All businesses applying must submit a full business plan.

## **Small Business Loan Terms**

The City of Springfield offers a Small Business Loan program to assist existing businesses fund equipment purchase, inventory and working capital. Funds cannot finance existing debt or obligation or work that has already been completed. **Loans generally range from \$2,500- \$10,000, with a maximum request of \$15,000.**

Standard loans will be at 0.25% interest rate. The interest rate will be fixed; however, should the loan be delinquent/non-performing the rate will be adjusted. Loans will be structured so that up to 50% of each loan will be forgiven if the business remains at the project location, with no reduction in hours, after one (1) years from the contract date of the loan. Repayment plan will be serviced by the Office of Community Development at the City of Springfield.

This loan program is funded by Housing and Urban Development (HUD) – Community Development Block Grant Program (CDBG). As a result, the project is expected to fulfill basic requirements of the CDBG program, particularly as they relate to job creation goals, elimination of slum and blight, project impact upon the environment, and the Davis/ Bacon Act.

## **Application Process**

**STEP 1:** Interested loan applicants must submit a pre-application (see page 7).

**STEP 2:** The Program Administrator will contact the prospective applicant to discuss the loan request. The Program Administrator will determine if the applicant meets all program requirements.

**STEP 3:** If the applicant meets all the program requirements, the Program Administrator will provide the applicant a Loan Application Package.

## *Small Business Loan Program Guidelines*

**STEP 4:** The applicant must submit a complete Loan Application Package prior to an application deadline (see page 6). The Program Administrator will determine if the application package submitted is complete. Incomplete application packages will not be reviewed by the Loan Review Committee. Loan application packages may be submitted by mail or in person at:

Attn: Tom Mathews  
Office of Planning & Economic Development  
Small Business Assistance Program  
70 Tapley Street  
Springfield, MA 01104

**STEP 5:** Complete applications will be reviewed by a Loan Review Committee. Applications will be evaluated and great emphasis will be placed on the business plan review and financial statements of the business.

**STEP 6:** The Program Administrator will provide a response of approval or decline of a loan usually within 30 days from the application deadline. However, the loan disbursement will take an additional 60 days.

### **Post Loan Award Requirements**

Following the award of a loan, the applicant will be monitored periodically by the OPED staff to ensure compliance with the CDBG program. Therefore, the loan recipient agrees must make company records and payroll available to the City.

There is a repayment obligation for the loan funds as long as all terms and conditions are met. The business must remain in compliance and in operation without reduction in services or hours for one (1) years from the date of this agreement.

Should the business cease operations, reduce services, or significantly alter the improvements funded through this loan within one year of the date the loan agreement was signed, repayment to the City of for the entire loan amount will be required.

## **Small Business Loan Application Rounds**

The deadlines below apply to the submission of a complete Loan Application Package which will be provided to you by the Program Administrator.

**1<sup>st</sup> Round – Applications due August 15, 2013**

**2<sup>nd</sup> Round – Applications due October 18, 2013**

**3<sup>rd</sup> Round – Applications due December 16, 2013**

**4<sup>th</sup> Round - Applications due February 14, 2014**

**5<sup>th</sup> Round - Applications due April 15, 2014**

**6<sup>th</sup> Round - Applications due June 16, 2014**

# *Springfield's Small Business Loan Program Pre-Application*

Please type or print clearly and answer all questions.

## **Applicant Information**

Name of Applicant \_\_\_\_\_

Name of Business \_\_\_\_\_

Nature of Business \_\_\_\_\_

Business Address \_\_\_\_\_

Email Address \_\_\_\_\_ Phone Number \_\_\_\_\_

Fax Number \_\_\_\_\_

## **Reasons for Requesting Loan:**

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## **Past Business Experience:**

Have you owned/managed another business in the past 5 years? Y \_\_\_\_ N \_\_\_\_

If you answered YES, please provide the following information:

- Name/address of business: \_\_\_\_\_
- Reason for closing business (Write in "N/A" if business is still in operation):  
\_\_\_\_\_  
\_\_\_\_\_

***I certify the information provided is true, correct and complete.***

Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_

Please Submit Completed Pre-Application to:  
Attn: Tom Mathews  
Springfield Office of Planning & Economic Development  
Springfield, MA 01104

Phone: (413) 787-6020 Fax: (413) 787-6524  
Or email to [tmathews@springfieldcityhall.com](mailto:tmathews@springfieldcityhall.com)