

SPRINGFIELD'S SMALL BUSINESS LOAN PROGRAM GUIDELINES

As of June 17, 2016



Springfield is

for Business

Program Administrator: Shayvonne Plummer
Springfield Office of Planning & Economic Development
Springfield, MA 01104
Phone: (413) 787-6525 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).
- ✗ Start-up businesses with less than a year in operation
- ✗ 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
- ✗ National chains and/or franchise businesses
- ✗ 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.

STEP 4: The applicant must submit a complete Loan Application Package prior to an application deadline (see page 6). The Program Administrator will

Small Business Loan Program Guidelines

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: Shayvonne Plummer
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.

**Springfield's Small Business
Support Program
Pre-Application**

Please print clearly and answer all questions.

Springfield's Small Business Support Program is funded through Community Development Block Grants and all awards must comply with strict requirements set forth by Federal guidelines.

Applicant Information

Please indicate: Building Owner Tenant

Name of Business _____

Business Address _____

Name of Business Owner _____

Home Address _____

Contact Person _____

Email Address _____

Phone Number _____

Fax Number _____

Building Owner Name (if being submitted by tenant) _____

Nature of Business _____

Description of Proposed Project:

Note: Properties in local historic districts will need prior approval by the Springfield Historical Commission. Properties located in an approved urban renewal district may require review and approval by the Springfield Redevelopment Authority.

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

Signature of Applicant: _____ Date _____

**Please Submit Completed Pre-Application to:
Springfield Office of Planning & Economic Development
Springfield, MA 01104
Phone: (413) 787-2810 Fax: (413) 787-6524
Or email to splummer@springfieldcityhall.com**