



# Northern Maine Development Commission

## FACT SHEET FOR SBA MICROLOAN PROGRAM

**PURPOSE:** To provide short-term, fixed rate, fixed payment loans to start up, newly established and growing small businesses.

**ELIGIBILITY:** Businesses must be operated for profit and fit within the size standards set by the SBA as to maximum annual sales and number of employees. Certain types of businesses are excluded. Fact sheets on this information are available upon request.

**LOAN AMOUNT:** Whole loans can be made on projects that do not exceed a total project cost of \$50,000. For total project cost that exceed \$50,000, the total amount that can be loaned is not to exceed a 2-1 ratio based on the project size with a maximum project size not to exceed \$150,000.00 and the maximum loan size is \$50,000.00.

**USES:** Borrower may use funds for working capital, inventory, supplies, furniture, fixtures, machinery and/or equipment. In NO case shall the proceeds be used for down payment purposes, to repay existing debt or purchase real estate.

**COLLATERAL REQUIREMENTS:** Collateral will depend on the loan requested and the decision will be up to the lender. Generally, any assets purchased with the loan proceeds will be taken as collateral. If the micro loan is part of a larger financing package, the collateral will be, at minimum, the same as the primary lender. If personal asset equity is available, it may be required to be used as extra collateral.

**APPLICATIONS:** First, call a member of the Business Finance Department to determine if your business is or will be eligible, under the guidelines as to type of business and size requirements. If eligible a member from the Business Finance Department will help you with the application and any additional information, about your business, the ownership or management of the business, needed to process your loan.

**INTEREST RATES:** Currently loans will have an interest rate of Five (5%) Per Cent per annum, fixed. This rate is subject to change according to economic and financial conditions. Please call a member of the Business Finance Department to determine the current rate.

**TECHNICAL ASSISTANCE:** Each applicant will be eligible for and will be contacted concerning technical assistance provided free of charge by the Business Finance Department to Microloan borrowers. Technical assistance is available concerning all aspects of your business and business development. A representative will provide ongoing assistance to help you grow your business and achieve the short term and long term goals of the business.

**LOAN LIMITS:** NMDC has an aggregate loan limit of \$500,000.00 established for any one borrower or affiliates.