

Small Business Micro-Loan Program

The Port Arthur Economic Development Corporation (PAEDC) Small Business Micro-Loan Program will support entrepreneurial and small business endeavors, which is the backbone of our local economy. The PAEDC Micro Loan Program will provide a direct funding source for qualifying small businesses in the City of Port Arthur that have the ability to repay a loan, but may not be able to obtain financing through traditional sources.

The PAEDC Micro-Loan Program will be designed to assist small Port Arthur for-profit business owners by providing loans to establish or expand businesses in the City of Port Arthur and help ensure success over time.

Program Goals:

- Encourage business ownership and self-employment as a means of economic self-sufficiency
- Bridge the gap for businesses which might eventually qualify for bank financing and prepare them for traditional bank relationships
- Facilitate job creation and retention for low and moderate income residents of the community who are employees of small businesses that would access the fund
- Foster diversity in the business community by encouraging business ownership among ethnic minorities, women, and the disabled
- Promote entrepreneurship and business innovation as a means of harnessing the creative potential of small business and investing in the economic success of the community

Loan FAQ's:

- Loan terms will be 1 to 3 years
- Interest rate will be a fixed rate of prime plus 1
- No penalty for pre-payment of the loan
- Collateral will be taken equal to 100% of the loan to secure the note
- An individual credit score of 600 or higher or a co-signer will be needed with an individual credit score of 650 or higher
- Applicant must be a for-profit business located in the city of Port Arthur with annual gross revenues of less than \$150,000
- Denied Applicants may re-apply after six (6) months

Approved loans may be used for:

- Equipment
- Increasing Inventory
- Marketing
- Working Capital
- Site Improvements

Applicants will be required to provide the following information:

- Credit Bureau Report (within the past 30 days)
- Copy of Driver’s License
- Business Plan
- Proof of Business Ownership
- Copy of last three years tax returns (personal and business)
- Profit and Loss Statement
- Balance Sheet
- Accounts Receivable/ Accounts Payable
- Collateral equal to 100% of the loan

Maximum funding limits are based on gross revenues:

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| ▪ Gross revenues of less than \$20,000 | \$15,000 |
| ▪ Gross revenues between \$20,001 to \$40,000 | \$20,000 |
| ▪ Gross revenues between \$40,001 to \$60,000 | \$25,000 |
| ▪ Gross revenues of more than \$60,000 | \$30,000 |

A loan committee will be established to consider all applicants.

PAEDC will be responsible for administering and monitoring the distributed funds. PAEDC will make a visit to each applicant business once the application has been received. Approved applicants will be required to sign a promissory note in the event of default. Applications and accompanying documentation will be reviewed for financial stability. Financial security and financial viability will be a contributing factor in the approval of fund disbursement.

Incomplete applications will not be reviewed.

Applications will be available for download through the PAEDC website: www.paedc.org