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MOMENTUM MICRO-LOAN PROGRAM

Overview & Guidelines

Program Overview

The Port Arthur Economic Development Corporation (PAEDC) Momentum Micro-Loan Program is dedicated to supporting entrepreneurs and small businesses in our community. This program offers a direct funding source for qualifying small businesses in Port Arthur that have the ability to repay a loan but may struggle to secure financing through traditional means.

Designed specifically for for-profit small business owners, the Momentum Micro-Loan Program aims to facilitate the establishment or expansion of businesses within the city. By providing necessary financial resources, the program seeks to help local businesses overcome initial hurdles and achieve sustained growth, fostering a vibrant economic environment in Port Arthur.

Program Goals

- **Promote Economic Self-Sufficiency:** Encourage business ownership and self-employment as pathways to economic self-sufficiency and financial independence.
- **Bridge Financing Gaps:** Provide financial support to businesses that may eventually qualify for bank financing, preparing them for future traditional banking relationships.
- **Job Creation and Retention:** Facilitate job creation and retention, particularly for the community's low- and moderate-income residents who are employed by small businesses accessing the fund.
- **Foster Business Diversity:** Promote diversity in the business community by encouraging ownership among ethnic minorities, women, and individuals with disabilities, ensuring an inclusive and vibrant economic environment.
- **Support Business Growth:** Assist in the establishment and expansion of small businesses, contributing to a robust local economy and the overall prosperity of Port Arthur.
- **Strengthen Community Ties:** Enhance community well-being by supporting local businesses that contribute to the social and economic fabric of Port Arthur.

Program Guidelines

- Loan terms range from 1 to 6 years.
- Fixed interest rate of 4%.
- No pre-payment penalty.
- An individual credit score of 600 or higher is needed. Co-signers are not allowed.
- Applicants must be a for-profit businesses located in the city of Port Arthur with annual gross revenues of less than $150,000.
- Applicants must be clients of the local Small Business Development Center.
- Collateral equal to 100% of the loan amount will be required to secure the note.

Acceptable collateral: Commercial buildings, some large commercial/ industrial vehicles, jewelry appraised at $10,000 or higher or a letter of credit. Can be a combination of items.
Unacceptable collateral: Personal home, personal vehicles, equipment.

<u>Approved Uses</u>:
- Equipment
- Inventory
- Marketing
- Working capital
- Site improvements

Required Documents

- A signed release to obtain a credit report.
- A copy of the owner's Texas driver's license.
- A business plan for businesses 3 years old or less.
- An expansion plan for businesses 4 years or older.
- Proof of business ownership.
- Copies of the last 3 years tax returns (personal and business).
- Profit and loss statement for the past year.
- Balance sheet for the past year.
- Accounts receivable/accounts payable records for the past year.
- Proof of ownership of collateral equal to 100% of the loan amount.
- Bank statements for the last 3 months (personal and business).
- Legal documents (e.g., business licenses, articles of incorporation).
- Lease agreement or proof of property ownership.
- Personal financial statement.
- Bios of owners with 20% or greater ownership of the company.
- Resumes of key management team members.
- Proof of business insurance.
- Evidence of your contribution to the project.

Funding Limits

Maximum Funding Limits Based on Gross Revenues:

- $15,000 for minimum gross revenue of $20,000
- $20,000 for revenue between $20,001 and $40,000
- $25,000 for revenue between $40,001 and $60,000
- $30,000 for revenue over $60,000

Application & Approval Guidelines

- Incomplete applications or applications with missing documentation **will not be accepted**.
- Applications and accompanying documentation may be reviewed by a third-party entity for financial stability.
- Financial security and viability will be contributing factors in the approval of fund disbursement.
- PAEDC will make a visit to each applicant's business once the application has been received.
- Approved applicants will be required to sign a promissory note in the event of default.
- PAEDC will be responsible for administering and monitoring the distributed funds.

Application & Approval Process

START

1. Prospect meets with PAEDC for initial project discussion to determine project & application eligibility.
2. Applicant completes application .
3. Applicant double checks that all documents are accounted for and submits application.
4. Application is reviewed by PAEDC to determine financial feasibility.
5. Micro-loan Committee reviews feasibility results for recommendation to the PAEDC Board of Directors.
6. CEO presents recommendati on to PAEDC Board of Directors for approval.
7. Loan recipient submits invoices to PAEDC.
8. PAEDC pays vendor directly within 30 days.
9. Loan recipient makes payments according to the contract amortization schedule.