

For more information
or Application Package
(available online - www.mvpc.org)

MVED Corporation

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MVED
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MVED Revolving Loan Fund



Merrimack Valley Economic Development

MERRIMACK VALLEY ECONOMIC DEVELOPMENT CORPORATION

REVOLVING LOAN FUND

FACT SHEET

Background

The Merrimack Valley Economic Development Corporation (MVED) is a non-profit corporation established in 1995 to improve the economy of the region by offering small business loans to companies for start-up, to grow, and to expand; thus creating and retaining jobs in the Merrimack Valley. MVED administers a revolving loan fund originally capitalized with funds from the Economic Development Administration. Nearly \$3 million has been loaned to 32 businesses, which leveraged over \$18 million dollars in private investment. These projects represent the creation of over 370 private sector jobs to the Merrimack Valley region.

The Loan Fund's two primary services are:

- 1) Financing
 - Gap financing to supplement private financing inadequate to meet a need.
 - Flexible terms and relaxed underwriting criteria to open the window of creative financing opportunities.
 - Favorable interest rates adequate to achieve a positive debt service coverage.
- 2) Identification and coordination of supportive resources. Included are technical assistance, job training, and business development through the Massachusetts Office of Business Development and other agencies needed to complete a loan and achieve business viability.

How It Works

Under the Loan Fund Program, MVED provides loans generally in the range of \$25,000 to \$200,000 to be used as gap financing on a larger project. The MVED portion of the project is typically 25 percent or less, but can be higher in certain circumstances.

Interest Rate

Tied to market rates and fixed for the term.

Loan Term

Up to 10 years.

Eligible Recipients

Any private, for profit businesses in need of financing to supplement financing from private sources is eligible to apply for an MVED loan. This may include a new start-up firm which finds securing financing from conventional sources difficult, or a mature business which is growing and expanding and needs a creative financing plan to achieve their goal. A typical MVED loan would be for 25% of the projects cost with 70% financed through a conventional bank, and 5% an equity component. Any commercial or industrial development project which creates or retains jobs is eligible.



Eligible Projects

Funds can be used for acquisition of land and buildings; construction and/or renovation; equipment and furnishing; and working capital. There has to be demonstrated need for the loan.

Geographic Coverage

Eligible businesses must be located in the Merrimack Valley communities of Amesbury, Andover, Boxford, Georgetown, Groveland, Haverhill, Lawrence, Merrimac, Methuen, Newbury, Newburyport, North Andover, Rowley, Salisbury and West Newbury.

Process

MVED Corporation will evaluate the appropriateness of the assistance by reviewing the following application submittals:

- Brief history and background (business plan for start-up business)
- Statement on the use of funds
- 3 years historical financial statements and/or IRS returns accepted
- Interim financial statement not older than 90 days (can be done in-house)
- Projections (at least one year)
- Personal financial statements for principals with 20% or more ownership
- Appraisals (copy of existing appraisal or tax valuation accepted)