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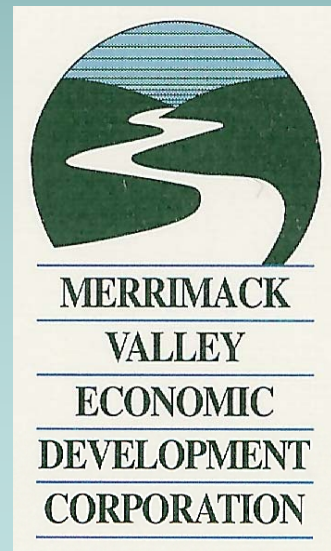


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# MVED LOAN FUND



# MERRIMACK VALLEY ECONOMIC DEVELOPMENT CORPORATION REVOLVING LOAN FUND

## FACT SHEET

### Background

Merrimack Valley Economic Development Corporation (MVED), a non-profit subsidiary of the Merrimack Valley Planning Commission, has established a revolving loan fund to support the growth and retention of jobs in the Merrimack Valley. The Merrimack Valley Economic Development Loan Fund was made possible primarily by funding from the U. S. Economic Development Administration and the Massachusetts Department of Housing and Community Development. Funds are available to provide gap financing for small business, industrial and some commercial projects.

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 \$100,000 to be used as gap financing on a larger project. The MVED portion of the project is typically 20 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

Private, for-profit businesses unable to obtain adequate financing from private sources, such as:

- Young firms with sound business plans, managerial capability, and significant equity investment.
- Smaller firms with a credible history and needing small loans unavailable from traditional sources.
- Mature firms reorganizing to improve operations or realize an important market opportunity, such as defense contractors or textile/apparel firms.

### Eligible Projects

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

### Job Requirements

Meet the National Objective of creation and retention of jobs of which 51 percent must be held by or made available to low/moderate income people. Application evaluation will vary slightly depending on whether the proposed project creates or retains jobs.

### 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. Loan fund restrictions may apply to certain communities.

### Process

MVED Corporation will evaluate the appropriateness of the assistance by reviewing:

- 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).