



Loan Requirements

Thank you for your interest in a small business loan from the Newark Community Economic Development Corporation (Newark CEDC). We hope to work with you to stimulate Newark's economy through the creation and/or expansion of small businesses. Please read the following text to understand our loan parameters and requirements. If your credit, business strategy and financials coincide with Newark CEDC's loan criteria and you want to apply for a loan, please answer the questions below.

The criteria, documents and questions required to receive a small business loan are outlined here. After you submit the required paperwork, we will confirm receipt of your application within two business days. Currently, the Newark CEDC loans up to \$20,000 per candidate; but our loan limits will increase over the next year.

To be considered for a loan, the business must be located in the City of Newark and you must be at least 21 years old. Additionally, Newark CEDC does not sponsor loan requests for speculative construction, adult entertainment, bridge loans, debt service or tax payments, or illegal businesses. In addition, we do not provide loans for ongoing businesses that need capital to purchase inventory or supplies, pay day to day expenses or compensate employees.

Please be aware that some of your loan information is subject to OPRA (open public records act) requests. If that information is requested through the proper channels, this agency will release those records.

Newark CEDC requires that candidates have management experience in the industry where the loan is requested. Appropriate industry experience is important as entrepreneurs with proper contacts, business insights and industry knowledge are successful.

In addition to answering the questions below, we will run a background check which includes your credit score and reports. We customarily do not loan money to an entrepreneur if the FICO score is below 650. If there is information that will provide insight into your FICO score, please include those facts in your document as well. If you need to improve your credit score to get a loan, the Intersect Fund and Greater Newark Enterprises Corp. both have a program that will help you increase your credit score.

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#NewarkOpenForBusiness

Although we will run a criminal background check; we are open to helping individuals re-enter society by supporting worthwhile entrepreneurial visions. In addition to the credit and criminal check, there will be a review of your public records.

It takes Newark CEDC a minimum of six weeks to process a loan request after we receive all the documentation. After the loan comes out of underwriting, the loan must be reviewed and approved by Newark CEDC's loan committee. Next, our CEO signs off on the loan request. Ultimately, the loan is presented to the board for final approval. Please plan accordingly.

If your loan is approved, we typically write checks directly to the vendors, wholesalers or dealers supplying you with the necessary products or services. We do not write checks directly to the entrepreneur for the full amount of the loan.

To receive a loan from Newark CEDC, you must be current in your city, state and federal tax bills.

Please be advised you will sign a document at closing confirming that the monies are a loan and not a grant.

Please be aware that we will be in regular contact with you once we loan you the money. We are here to support and assist you to grow your business.

All loans are subject to a minimum interest rate charge of 350 (3.5%) basis points over the prime rate. Currently, the prime rate is 3.25% so the minimum interest rate charged is 6.75% for low risk loans. Depending on your financials, we reserve the right to assign a higher interest rate to your loan before the closing. All interest rates are fixed. The closing fees are \$250 for loans less than \$50,000. For loans of \$50,000 to \$100,000 the closing fee is \$400. The closing fee for loans from over \$100,000 to \$499,000 is 1% of the amount of the loan. Loans greater than \$499,000 have a 1.5% closing fee. Separately, all loans over \$350,000 are charged a 1% yearly administrative fee. There is no pre-payment penalty if you pay off your loan early.

Finally, if we approve your loan, you will be contacted by us. We require that your loan payments be made via direct debit. We will need your banking account number and routing number to receive your monthly payments. If we decide not to proceed with your loan request, you will be notified by email.

If your loan request conforms to the above criteria, please answer the questions below to apply for a loan. If you've completed a business proposal, please submit your business plan as well. We are evaluating your loan request based on the viability of your business, financials and credit risk.

Loan Application

1. Please list your full name, contact information (including email, cell phone and home address), social security number, date of birth, and the name and location of your business.
2. If this is a start up business, how much money are you investing in your business?
3. Please describe the business or service that needs funding.
4. What management experience do you have that will help you manage and grow this business?
5. How much money do you want to borrow? Provide an itemized list describing each cost that comprises the total loan request. What monthly payments can you afford?
6. How many years has the business been open? How many employees work at your business?
7. If you have an ongoing business, please list your monthly sales and itemized expenses.
8. What are the total monthly wages for all the adults living in your household? What are your monthly household expenses? How many children and adults live in your household?
9. Are there any outstanding liens or pending litigation on your business, property or you?
10. What is your employment status and the employment status of all the adults living in your household? Please provide pay stubs for each working adult in your household.
11. Please provide six months of your bank statements. What are your current bank balances?
12. How many vehicles are owned by the household members? Please provide the year, make and model of each vehicle.
13. Do you own or rent your home? Please provide the monthly rent or mortgage expense. How many years have you lived at your current residence? Have you been late in rent or mortgage payments within the last 18 months?
14. What assets do you have that can be used for collateral for this loan? Please include each asset and the value of the asset. The value of the collateral should equal 100% of the value of the loan. Assets include, but are not limited to: savings accounts, life insurance with cash surrender value, real estate, stocks and bonds, automobiles and other personal or business property or assets with a value of over \$3,000.
15. For an ongoing business, please submit the most recent two years of individual and business tax statements. If you are starting a new business, we need the most recent two years of your personal tax documents. Depending on the business opportunity, we may need additional documentation.

If your loan request does not meet the criteria to receive the monies, here are resources that can help you to continue to pursue your entrepreneurial visions.

- To improve your credit score, we recommend you contact the Intersect Fund (www.intersectfund.org) or GNEC (Greater Newark Enterprises Corp. www.gnecorp.org)
- To receive assistance developing a business plan or receive training to run a business, contact: America's SBDC (America's Small Business Development Corporation at Rutgers-Newark, njsbdc.com), IFEL (Institute for Entrepreneurial Leadership, ifelnj.org), Rising Tide Capital (Risingtidecapital.org) or GNEC (Greater Newark Enterprises Corp. gnecorp.org).
- To apply for a loan elsewhere, we recommend reaching out to SBA (Small Business Administration, www.sba.gov), the Profeta Urban Investment Foundation (profetafoundation.org), GNEC (Greater Newark Enterprises Corp., www.gnecorp.org), or the Intersect Fund (www.intersectfund.org).
- To register to win a contract with Essex County and attend free seminars and training programs, contact: Essex County Office of Small Business Development and Affirmative Action (ecbizcenter.com).
- If you are a technology or life sciences entrepreneur and want an incubator environment, contact NJIT EDC (New Jersey Institute of Technology Enterprise Development Center, www.njit-edc.org).
- Finally, if you want to sell your products or services to Federal, State or Local government agencies, please contact: <http://www.njit.edu/ptac>.

If you have any questions, please contact Alexandra Demirali, Senior Loan Officer, at 973 856 2268.