

# BUSINESS FINANCE



# NEOEDD LOANS

## - ELIGIBLE USES

- Fixed Assets – Land, Building, Equipment
- Inventory
- Permanent Working Capital – Rent, Salaries, Etc.
- Refinance of Business Debt – Credit Cards

# BUSINESS LOAN STRUCTURE

- Loans amounts up to \$400,000
- Terms up to 25 years, match life of assets financed with loan
- Interest rate usually around prime rate (7.25%)  
Promotional rate of 5.625% through March!
- NEOEDD loans fill gap in financing from banks, equity investments or other lenders
- Loans must be fully collateralized
- NEOEDD will take 2nd collateral position
- No prepayment penalties

# APPLICATION PROCESS

- Work with bank or credit union to find out if they will finance all or a portion of your business finance needs
- Complete Pre -Application at [neoedd.org](http://neoedd.org)
- Speak with NEOEDD Loan Officer - Mike Ogan
- Complete business plan and cash flow projections
- Provide additional required information such as business financial statements and tax returns

# LENDER CONSIDERATIONS

- Financial information that shows you can repay a loan.
- Owner investment in the project.
- Collateral (assets such as real estate, equipment, inventory, etc.) that can be provided as an additional source of repayment if you fail to repay your loan.
- Credit score that shows your borrowing and repayment history.
- Current competition, market opportunities, and economic environment in which your business is operating.

# NEOEDD MICROLOAN

- Loan Size: \$5,000-\$40,000
- Minimum Credit Score: 650
- Interest Rate 0 -7.5% above WSJ Prime Rate, based on credit score
- Borrower contributes 5% of total project costs
- Application Fee: \$150
- Pre-Application counseling from SBDC or NEOEDD
- Simplified Application Process
- Application requirements dependent upon credit score

# INDIVIDUAL DEVELOPMENT ACCOUNT

- IDAs are matched savings accounts available to individuals with modest income and net assets
- Savings are matched with \$5 of match for every \$1 saved
- Maximum match currently \$10,000 for \$2,000 of savings
- Financial education and business classes required
- Business plan and cash flow projection required
- Savers can access savings and match during savings period
- Next funding expected in July, limited number of savers

# Q&A



# THANK YOU

Lisa Dawson, NEOEDD Executive Director

