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PROVIDENCE BUSINESS LOAN FUND (PBLF) FREQUENTLY ASKED QUESTIONS MICROENTERPRISE LOAN

What types of businesses can receive a PBLF loan?

The PBLF generally provides loans to existing businesses that create or retain jobs in the city of Providence. The Microenterprise loan program expands the availability of financing to for-profit businesses that are currently unable to create new jobs by qualifying the owner(s) as belonging to a low/moderate income household. If you and your business meet the requirements below and qualify as a microenterprise, this program may be a good fit for your business.

Am I eligible to participate in the program?

To be eligible for a PBLF Microenterprise Loan, your business must be for-profit, located in Providence, have five (5) or fewer employees (including the owner), and meet specific requirements for both the business and the owner. Sole proprietorships are eligible, and the owner(s) must qualify as a low- to moderate-income household as defined by HUD and reside in Providence.

If you do not meet the income limits or are not a Providence resident, your Providence-based business may instead apply for the PBLF Small Business Loan Program, which requires job creation as a loan condition. Please note that startup businesses are not eligible for either program.

What types of expenses are eligible for payment and /or reimbursement?

The types of expenses that will be eligible for payment through your loan depend on the nature of your business. Eligible expenses will be clearly specified as part of your loan approval.

The following expenses are **not eligible** for payment under any circumstances:

- Expenses incurred **prior** to the loan closing date.
- Construction or remodeling expenses (If you need funds for this type of project you may apply for the small business loan program).
- Repayment of existing debt.

How do I start the loan application process?

First you need to submit an application form for your business including the amount of money you are seeking to borrow and how you propose to use the funds. This application will determine whether you are a qualified candidate for a PBLF loan, after which you will be asked to provide the following documentation for your loan application package:

- A detailed description of your business and its history
- A self-certified household income form.

What other documentation do I need to provide?

After initial review you will be asked to provide additional information. Every application is unique, so the requirements may vary. You will be provided with a list of the documentation required for your application process at the time you are notified you are a qualified candidate for a PBLF loan. You will be asked to provide

- Personal Financial Statement on all owners of 10%, or more, of the business

- Business and personal tax returns for the previous two years
- A balance sheet and income/expense report for the previous two years

The documents listed above are necessary to complete your loan application and to help identify the loan product best suited for you. In addition, all projects will be reviewed for zoning compliance.

How long does it take to review my application?

The PBLF Board meets monthly to review completed applications; however, a few days or a week may be needed to put a Board presentation together. Therefore, a decision can usually be made within 30 days after receiving a properly completed application.

How will the loan be secured?

Because the funds used for the PBLF loan pool are from the federal government, all loans must be secured by your business assets. If real property, such as real estate, is available, PBLF may choose to use it to further collateralize the loan; however, this is not a requirement for a microenterprise loan.

What are the terms of the loan?

Loans will require no payments until the loan is fully disbursed. 30 days after that period, repayment will be made over a 5 to 10-year period. Interest will be a maximum of 5%.

Loan Disbursement FAQs

My loan has closed. Do I receive a lump-sum check to use as I wish?

No. Since these are federal funds, loan proceeds are provided on a reimbursement basis rather than as a lump sum, ensuring they are spent on eligible expenses. This means your business must first cover eligible costs, then request reimbursement from PBLF. Alternatively, PBLF can pay vendors and suppliers directly instead of reimbursing your business. If your business lacks the cash flow to cover expenses upfront, this loan may not be suitable for your needs. Your loan funds can only be used to pay for or reimburse the specific expenses approved by the PBLF for your loan.

My loan has closed. How do I begin accessing loan funds?

The following are basic steps required to begin accessing loan funds:

- Obtain a UEID number from SAM.gov
- Submit a Requisition Form. Your loan funds may be used to reimburse your business for eligible expenses that you have incurred from the date your loan closed. ***Expenses incurred prior to that date are not eligible for payment/reimbursement.*** To request reimbursement, submit a completed Requisition Form along with invoices, cancelled checks and any other documentation of the eligible expenses that have been paid. Alternatively, you can submit an unpaid bill for eligible expenses with the completed Requisition Form in order for the bill to be paid directly to your supplier.
- Once we have received a properly completed Requisition Form, we will process your payment. A check is typically issued within seven days of receiving a properly completed Requisition Form. If your Requisition Form is incomplete or lacks proper documentation, we will contact you for more information.

Loan Payment FAQs

My loan has closed. How do I know when to start making payments?

You will start receiving monthly bills 30 days after the loan has been fully disbursed. Payments are due by the 1st of each month. Penalties for late payments will be charged on

the next month's statement. Please note that even if you do not receive a bill, you are still responsible for making your payments on time. If you do not receive a bill, call 680-8402 and another copy will be sent to you.

How are my monthly payments determined?

Your monthly payments will be a fixed amount, to include principal and interest, calculated based on the amount of the loan disbursed and the interest rate.

Can I make payments online?

You can pay online as you would any other bill, using your bank's online bill-payment tool.

What happens if I don't make my payment on time?

Penalties for late payments will be charged on your next statement. If you have not made your monthly payment, that payment- as well as the related late penalties- will be reflected on the next statement. If after 90 days, you fail to bring your loan current your account may be turned over to an attorney or collection agent.

What happens if I'm having trouble making payments?

If you are having trouble making payments, call the PBLF office (680.8412) to discuss modifying the payment schedule for your loan.

More questions? Call us! 401.680.8412 **Email us!** thoagland@providenceri.gov

IMPORTANT: PLEASE SIGN:

I have read and understand the above Frequently Asked Questions:

Name _____ **Date** _____