



MAYOR BRETT P. SMILEY
CITY OF PROVIDENCE

PROVIDENCE BUSINESS LOAN FUND (PBLF) FREQUENTLY ASKED QUESTIONS SMALL BUSINESS 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. For every \$35,000 loaned to your business, the PBLF requires that one new job be produced. This is a citywide loan program that can be used to expand your business by purchasing equipment, constructing or rehabilitating your space, or providing you with working capital. Additionally, projects relating to the sale of alcoholic beverages or that are exclusively a real estate transaction must provide a substantial public benefit to the city or a neighborhood in order to qualify for a PBLF loan. Due to federal regulations, funding for non-profits is limited to real estate acquisition only.

Am I eligible to participate in the program?

If you have been declined for a business loan for all or part of a project by a bank, credit union, or other lending institution you may be eligible to participate in this 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.
- Expenses such as cell phones, personal items, or rent to a realty holding company you own or you are a partner in.
- Repayment of existing debt.
- Any construction activities, including demolition, conducted before the completion of a City of Providence Environmental Review. Starting construction work before the environmental review may render the entire project ineligible for funding.

How do I start the loan application process?

First you need to submit an Application 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 description of your project and the jobs it will produce or preserve

What other documentation do I need to provide?

After initial review you will be asked to complete a Loan Application. Each application and project is unique, so the requirements will 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 three years
- A profit/loss projection for the next three years
- Description of the collateral you will use to secure your loan

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 Pre-Application Form?

Properly completed Pre-Application submissions will usually be reviewed within seven to ten days. Upon successful completion of the review, you will be contacted to begin the next step in the process, which will include preparing your loan application and compiling the necessary documentation for your loan application package. At this time, you may also be provided, if you wish, with a referral for professional assistance in preparing your business plan or financial documents.

How long does it take to review my application?

The PBLF Board meets monthly to review applications; however, a week or two may be needed to put a Board presentation together. Therefore, a decision can be made approximately 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 one or more of the following:

- A lien on real property (ex., a house, commercial building, or equipment) that has a value that is sufficient to cover the amount of the loan, or
- A security interest in machinery and equipment, accounts receivable, or inventory that has sufficient value to cover the amount of the loan.
- Personal Assets

What are the terms of the loan?

Loans to acquire machinery, equipment, furniture and fixtures and working capital will range from 5 to 10 years. Loans for the acquisition of real estate may have a 25-year amortization, but with a 5 to 10 year term. Interest rates generally range from 3% to 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 www.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 closing date of your loan. *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 or contractor.
- Once we have received a properly completed Requisition Form, we will process your payment. For non-construction requisitions, 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. When an unpaid bill is being paid through your loan, the check will be issued to two parties—your organization and the company that is being paid. This requires your endorsement of the check before passing along to the company this is being paid.

- Payment requisitions for construction projects take extra time as the work must be inspected by the PBLF staff before a check can be issued. The inspection is required to ensure the work is complete and the workers involved in the project were paid proper wages. Checks for construction projects are generally issued within 15 days of submission of your requisition and a satisfactory PBLF inspection.

The conditions of my loan require that my business create one or more jobs. How is this monitored?

After your loan has closed, PBLF or Providence Housing and Human Services staff will visit your business periodically to verify your new employees. You will be provided with forms to be completed at the time a new employee is hired and to submit quarterly reports on new hires.

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, or six months after the loan has closed, whichever comes first. 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](tel: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 approved and the interest rate. During the draw down period, interest will be calculated only on the funds drawn down and will be due with the first monthly payment of principal and interest.

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:

Signature _____ **Date** _____