

## **UEZ SMALL BUSINESS LOAN APPLICATION**

Instructions: Each person who owns 20% or more of the business must complete this application in order to be considered. UEZ tax compliance must be obtained prior to application process. All financial information can be filled out in estimates. Know, however, that if you are pre-qualified, the UEZ/PRC will be asking for complete and accurate personal financial statements and personal balance sheet from all applicants and guarantors. Please submit application, and a complete business plan as well as a proposal of what the loan is intended for. The application should be sent to the Paterson UEZ, 125 Ellison Street – 2<sup>nd</sup> Floor, Paterson, New Jersey 07505 with a non-refundable \$500 application processing fee made out to the Paterson Restoration Corporation.

### **Personal Information:**

Name \_\_\_\_\_ Social Security Number \_\_\_\_\_

Home Address \_\_\_\_\_ Telephone Number \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Mobile Number \_\_\_\_\_

County \_\_\_\_\_ Fax Number \_\_\_\_\_ Email \_\_\_\_\_

Are you...

- ☐ New to Business
- ☐ Owner of a start-up (less than one year)
- ☐ Owner of an established business (over one year)

Referral: How did you hear about the UEZ Loan Application \_\_\_\_\_

### **Business Information**

Business Name \_\_\_\_\_ % Ownership \_\_\_\_\_ EIN # \_\_\_\_\_

Type of Business (i.e. retail, wholesale, manufacturing, etc.) \_\_\_\_\_

Description of Business \_\_\_\_\_

Business Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Email Address \_\_\_\_\_

Start Date \_\_\_\_\_ Legal Entity: ☐ Sole Proprietor ☐ Corporation ☐ LLC ☐ Partnership \_\_\_\_\_

Non Profit ☐ Other – Please explain \_\_\_\_\_

**Loan Request**

Amount \_\_\_\_\_ Amount of Borrowers Contribution \$ \_\_\_\_\_

Purpose: ☐ Working Capital ☐ Inventory ☐ Equipment ☐ Renovations ☐ Other

Please explain Other \_\_\_\_\_

## CERTIFICATION

I (We) \_\_\_\_\_ certify that this Application for Financial assistance, and attachments, including financial statements, are correct to the best of my (our) knowledge and belief.

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Signature

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Signature

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Title

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Title

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Address and Zip Code

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Address and Zip Code

If the Applicant is a corporation, this statement should be signed by the President and Secretary of the Corporation, if an individual, by such individual; if a partnership, by one of the partners, if any entity not having a president and secretary, by one of its chief officers having knowledge of the financial status and qualification of the Applicant.

Sworn and Subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_ 20

My Commission expires \_\_\_\_\_

## **INTRODUCTION**

Pursuant to the New Jersey Urban Enterprise Zone Act (N.J.S.A. 52:27H-60 et seq.), certain areas located throughout the State of New Jersey have been designated as Urban Enterprise Zones. On April 2, 1994, an area representing 30.3% of the City of Paterson was designated as one such Urban Enterprise Zone ("UEZ"). Within this area of the City, resident businesses can avail themselves to the benefits of the New Jersey Urban Enterprise Zone Act by becoming a UEZ certified business. One of the benefits that the City of Paterson UEZ offers to its UEZ certified businesses is its UEZ Small Business Loan Program. The interest rates on loans offered by the UEZ Small Business Loan Program are often below market interest rates. This is done to encourage the growth of local businesses thus fostering economic prosperity amongst the City's residents. These Guidelines set forth the lending policies of the City of Paterson's UEZ Small Business Loan Program.

## **LENDING GUIDELINES**

The UEZ Small Business Loan Program makes loans to UEZ Certified Businesses for the purpose of:

- Working Capital
- Inventory
- Supplies
- Furniture
- Fixtures
- Machinery
- Equipment

## **ELIGIBILITY REQUIREMENTS**

- Member in good standing in the Urban Enterprise Zone and remain a member in good standing throughout the life of the loan. If the member falls out of the program or out of City/State tax compliance, the full balance amount of the loan would be due immediately
- Applicant must show evidence of an equity contribution to his/her business
- Applicant must complete in its entirety, the loan application with all documentation required along with a check in the amount of \$500.00 made payable to the Paterson Restoration Corporation (PRC).
- The loan applicant shall be responsible for the cost of any applicable credit reports or filings.
- Loan amounts will not exceed the \$50,000 maximum amount
- The requesting Business must present a business plan. The Small Business Development Center will assist businesses in obtaining their business plan. The SBDC will also provide workshops and seminars on credit repair, preparing a business plan and various other topics.
- Additional loan criteria will include but not be limited to the following:
  - Analysis of repayment ability/performance vs. business plan
  - Repayment history of any previous loans
  - Credit Analysis

## **LOAN TERMS**

- Loans will be available from \$10,000 - \$50,000. No Exceptions
- The interest rate will be 5% or 1% below prime (whichever higher)
- The term of the loan shall be five (5) years (60 months)
- Loan funds must be used for business operations and cannot be used for repayment of prior debt (debt consolidation)
- The loan may be used in conjunction with other loans but not as collateral for such loan. This loan cannot be subordinated.
- The loan will be collateralized by the assets of the business or of the business owner.
- The loan must be used to promote a legitimate business and shall not be used in any generally defined “illegal” business or pyramid sales plan.
- The borrower will provide monthly financial reports to the Small Business Loan Committee.
- A default on one loan represents a default on all loans.
- Legal Fees to be paid by recipient.
- Underwriter’s fees in the amount of \$500.00 to be paid to the Paterson Restoration Corporation (PRC) and forwarded to the Underwriter.

## **PROCEDURES**

1. Obtaining and Submitting a Loan Application – The loan application will be available electronically on the City of Paterson, UEZ , PRC, and Community Development website as well as hard copies that may be obtained in the UEZ office of Community Development. All persons seeking to obtain financial assistance through the UEZ Small Business Loan Program shall complete the application in its entirety and remit it to the UEZ office along with a non refundable check or money order in the exact amount of the application fee. No incomplete application will be considered
  
2. The Three tiered Application Review Process. The application review process will be completed as follows:
  - *First level of review* – After a complete loan application is received by the UEZ office, it will go through a three (3) tiered approval process. First, the UEZ office will determine whether the applicant is a qualified certified business in good standing. The UEZ Small Business Loan Program is not available to businesses which are not UEZ certified and/or in good standing. Information on becoming a UEZ certified business is available through the UEZ office or the State of New Jersey website [www.nj.gov](http://www.nj.gov)
  - *Second Level of Review* – The second level of review will be performed by the Paterson Restoration Corporation (PRC) and the Underwriter who will perform a credit analysis of the application. Each applicant must submit three (3) prior years' tax returns and/or financial statements, a schedule of existing debt, and must also sign a credit release form that allows PRC or The City of Paterson/UEZ to run their credit (both personal

and business). A personal financial statement from each borrower will be required. There will be an additional cost to run the credit report in the amount of \$25.00 and will be paid via a separate check made out to the Paterson Restoration Corporation. The PRC/Underwriter will review each application based upon the creditworthiness of the borrower and any guarantors, the collateral pledged, the creation of a new tax ratable, the creation of new jobs and such factors as the PRC considers relevant to the application. Based upon the facts and circumstances of each application, the PRC will:

- Deny the application
  - Approve the application
  - Amend the application to an amount commensurate with the applicant's financial status and approve the amended application
- *Third Level of Review* – Each applicant will be notified of the City Council meeting at which his/her/its loan application will be reviewed. If the application is approved by City Council, it will be forwarded to the Mayor for his/her approval.

**Notice of Approval or Denial** – Applicants who have been approved for financing will be sent a commitment letter detailing the terms and conditions of the loan within thirty (30) days of receiving final approval. The borrower shall have ten (10) business days from the date of receipt to sign and return the fully executed commitment letter to the UEZ office along with a loan commitment fee if applicable. The UEZ office, PRC, City Council and Mayor reserve the right to request additional information from all applicants at any time before or after the closing. Approved applicants who fail to return a fully executed commitment letter within such ten (10) day period may be required to start the application process over again. Applicants who applications are denied will be notified within



thirty (30) days of the date of their denial. Failure to notify a business that their application has been denied at any stage of the approval process shall not be considered an approval. All borrowers must be prepared to close within sixty (60) days of returning a fully executed commitment letter.

**Closing Procedures** – Loan closings shall be scheduled by the UEZ office in conjunction with the attorney designated to close the loan. Prior to and as a condition to closing, borrowers must provide proof that they do not owe any State, Federal or Municipal taxes or other municipal assessments and verification of their UEZ status must be obtained. At closing, borrowers shall reimburse the Lender for its attorney's fees and other closing costs. Borrowers shall be provided with copies of all loan documents at closing.

**Additional information regarding the City of Paterson Urban Enterprise Zone Small Business Loan and Revolving Loan Program is available through the Urban Enterprise Zone Office at the address and telephone number listed in this application.**

