

# BOSTON LOCAL DEVELOPMENT CORPORATION (BLDC) LOANS

*Use of Proceeds:* In general, loans range from approximately \$50,000 to a maximum of \$150,000 (\$250K maximum for industrial businesses). BLDC proceeds may be used to support the working capital needs of a growing small business (e.g., expanded inventory, salaries and increased accounts receivables) and to fund construction of leasehold improvements. Funds may also be used to purchase new business property, machinery and equipment and to fund additional construction for an existing plant. A critical component of BLDC financing is loan participation with local lenders.

*Timeline:* Application processing time is very dependent on the quality and completeness of the package submitted by the applicant. However, a request can generally be processed within thirty to sixty days of receipt of a complete financing package.

*Job Creation:* Generally, BLDC loan funds are provided to support the attraction and retention of jobs for the residents of Boston. Therefore BLDC programs will particularly target businesses that have either a history of and/or a demonstrable potential for job creation.

*Eligibility:* BLDC loan applicants may include those businesses located in the City of Boston and those businesses seeking to relocate to the City or begin a new enterprise in the City. The borrower may be a Corporation, LLC, Partnership, Sole Proprietor or in some instances, a Realty Trust.

*Credit Requirements:* BLDC Loans are underwritten using the standards common to the Banking industry. Credit reports are run on all company principals. The credit package must include three years taxes and/or financial statements, three years projections, an up to date Balance Sheet and Profit and Loss Statement. Other items may include an aging of payables, receivables, inventory, appraisals and other information specific to the loan request.

*Guarantees:* The BLDC requires the Personal Guaranty of all principals owning 20% or more of the borrowing entity.

*Loan Security:* This will include the assets of the business and usually real estate owned by the business principals that is sufficient to secure the debt.

*Interest Rates:* The BLDC uses the Wall Street Journal Prime Rate plus 2% for its benchmark interest rate. However, this is accompanied by a minimum/floor rate of 6.5%.

*Fees:* There is an origination fee equal to one percent of the BLDC loan amount. One half of this fee should accompany the signed commitment letter. The other half is due at the loan closing. In addition, there will be a credit processing fee if applicable commensurate with the complexity of the loan and attorney's fees.

In the last fifteen years, the BLDC has provided \$13 million in small business loans while successfully leveraging over \$80 million through its collaborations with Boston's Banking community. These loan funds have helped to create or retain over 2,500 Boston jobs.

Over the years the BLDC has financed businesses of all types and sizes. The BLDC provided loans for companies as varied as J.P.'s favorite market, City Feed and Supply; and HDM Systems, a cutting edge manufacturer of energy storage systems that just expanded in Allston to meet demand for their products. Ginkgo Bioworks in the Innovation District and Cogito Systems in Charlestown, two recipients of lifetech funding that helped them through the early stages of development. Both have now garnered grants and contracts that will take them to the next level of success.

More recently, the BLDC has provided loans to Boston Common Coffee in Downtown Crossing, a location that may well become their most popular; Seafood Specialties, the first LEED certified Seafood processor on the Waterfront; Imported Foods, a South Boston wholesale specialty products company serving Boston restaurants; The Blue Nile, a new Ethiopian Restaurant in Jamaica Plain and, most recently, a new Reebok – Crossfit Gym in the Back Bay that will help you work off all that good food.

The Boston Local Development Corporation (BLDC) is a private non-profit corporation administered by the BRA/EDIC of the City of Boston and overseen by an independent board of Trustees. The principal objective of the BLDC is to make small business loans to benefit the community by fostering increased employment opportunities and expansion of business, industry and services for the citizens of the City of Boston.

*For more information, please contact Bill Nickerson at (617) 918-6262.*