



Thank you for your interest in the Mentor Economic Assistance Corporation. MEACO is committed to enhancing the economic development of the City of Mentor through the SBA's 504 loan participation (in the growth and development of business).

MEACO participates in the financing of the acquisition of fixed assets (land, buildings, machinery and equipment). The loan is structured as follows:

*50% Bank financing
40% MEACO
10% Owner equity
100%*

The advantage of the 504 loan:

- * lower owner equity (10% down payment)*
- * fixed rates*
- * 10 or 20 year terms*
- * below market rates*

In order to be eligible for a SBA 504 loan through MEACO:

- * the MENTOR business must be a for-profit corporation, partnership or sole proprietorship with a net worth of less than \$6 million,*
- 👍 the business demonstrates the financial ability to service the debt and that for every \$35,000 funded, create a new job within two (2) years.*
- * projects which depend on speculative investment in property will not be considered and funds cannot be used for working capital inventory or debt refinancing.*

While the process is not difficult, there is some specific documentation you will need to provide for loan analysis. Enclosed is a complete list for your reference. Please note that the first step is to secure the first mortgage position with the bank or other lending institution. The bank will issue a standard commitment letter stating that they agree to participate in the program.

There are two stages to the loan approval process:

- 1) The staff prepares the loan package and presents it to the MEACO Loan Review Committee which meets "on call". The loan Review Committee then recommends the loan to the Small Business Administration.*
- 2) Approval of the loan by the SBA takes an average of one (1) week, depending on their case load. SBA review includes credit and legal compliance with SBA policies. When SBA approves the loan, an Authorization Guarantee is issued.*

The loan origination fees total approximately 3.0% of the 504 debenture amount. However, the fees are added to the loan amount. The fees are included in your monthly payment and are repaid over the term of the loan. The only out of pocket money is the title insurance which is billed directly to the small business concern.

Thank you for your interest and if you have any questions, please feel free to call. I look forward to working with you in securing financing for project.



Thank you for your interest in the Mentor Economic Assistance Corporation. In order to begin the analysis of your loan project it is necessary to submit the following information:

1. A history and description of the business.
2. A statement detailing the exact uses of the loan proceeds.
3. A balance sheet and a current operating statement (not older than 90 days). Signed and dated.
4. A balance sheet and profit and loss statement for the previous three years. Signed and dated.
5. A pro forma balance sheet and projected operating statement for two (2) years.
6. Financial statement and corporate income tax returns for the last three (3) years.
7. A monthly cash flow analysis for the next twelve (12) months for three (3) months beyond the breakeven point.
8. Resumes of the principals involved in day to day management.
9. A schedule which contains the original date and amount, present balance owed, interest rate, monthly payment, maturity and security for each loan or debt that your business currently has outstanding.
10. A schedule of debt financing planned for the next year beginning after the date of the current financial statements. The terms and conditions specified in item 9 should be identified.
11. A copy of existing or proposed lease or purchase agreement or other financing arrangements.
12. Preliminary plans and specifications and estimated of cost covering new construction and/or machinery and equipment.

13. An appraisal of the property.
 14. Bank's letter stating the terms and conditions of its participation.
 15. Your federal employee identification number and SIC Code.
 16. A check for \$250.00 (non-refundable) to cover the cost of the initial analysis.
 - 👉 17. SBA Form 912 (Personal History Statement) on all officers and/or directors (regardless of ownership) and all owners of 20% or more of the SBC affiliated stock.
 - 👉 18. Current personal financial statement (SBA Form 413) for each proprietor, partner and each stockholder with 20% or more ownership of the SBC.
 - 👉 19. Resolution from the Board of Directors (SBA Form 160) if a Corporation, authorizing the small business concern to borrow and the Corporation's Articles of Incorporation. If a partnership is involved provide a Partnership Agreement and SBA Form 160A, Certificate at to Partners.
 - 👉 20. Privacy Act Notice (SBA Form 1261).
 - ** 21. The names of affiliates and/or subsidiary firms. Last fiscal year and financial statements for the listed firms.
 - ** 22. If your business is a franchise include a copy of the Franchise Agreement and the Franchisor's FTC Disclosure Statement.
 - ** 23. A schedule of any previous government financing by any principals or affiliates (including SBA). Indicate name of agency, the original amount, date of the request, approved or declines. The outstanding balance and whether it is current, delinquent or paid in full.
- 👉 SBA forms will be provided by CDC
** If applicable