

## General Guidelines

### **Interest Rate:**

The interest rate will be fixed at the time of the commitment of the loan. The rate will typically be established at 75% of the prevailing prime rate as published in the *Wall Street Journal*.

### **Collateral:**

Junior security position on real and fixed assets subordinated to private and quasi public lenders.

### **Term:**

All real estate loans have a 10 year term with an amortization of 20 years. A balloon payment of the balance is due at the end of the term.

### **Application:**

To apply, applicants must submit a one time, non-refundable fee of \$175 to cover loan processing costs.

### **Loan Origination Fee:**

1.5% of the total requested loan amount.

### **Legal Fees:**

Varies.

### **Pre-Payment Penalty:**

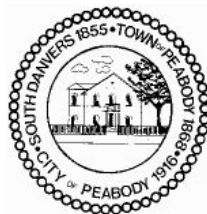
None.

Administered by:

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### ***Disclaimer:***

*The CDA retains the ability to amend terms and/or program policies with a vote of the CDA.*

*Interest rates, terms and program policies subject to change without notice.*

*Updated:  
February 1, 2012*

# CDA

**Community  
Development Authority**



## Business Loan Program

**Telephone  
978-538-5771**

# CDA BUSINESS LOAN PROGRAM



## Program:

The City of Peabody's proactive approach to economic development resulted in the establishment of a revolving loan pool of funds administered by the Department of Community Development and Planning and a five member quasi-public Community Development Authority (CDA). The Business Loan Program is a flexible source of loan funds for commercial and industrial projects, the purpose of which is to encourage the creation/retention of quality jobs and to increase the tax base.

## How can we help?

The CDA has helped hundreds of applicants retain or expand existing business and/or help attract desirable new business to the City of Peabody by providing loans for equipment, land and/or site acquisition, construction and redevelopment.

The CDA is able to provide below-market, low-interest loans to be used to help bridge the gap between the cash and assets of a business owner and the equity requirements needed to obtain a commercial loan from a bank. The program is designed to provide no more than 20% of a project's total financing requirements.

## Project Standards:

- ♦ Businesses and projects that have the greatest potential for long-term job creation/retention are primary focus
- ♦ Applicants must demonstrate that they have a viable project and clearly identify the proposed uses of the loan proceeds
- ♦ Project must provide a new or increased source of real estate tax revenue
- ♦ Applicants must exhibit the experience, capacity and financial ability to successfully develop and manage the project
- ♦ Project must be in a high state of readiness to proceed and/or "shovel ready" for construction
- ♦ Applicant should have a minimum of a 5% equity in the project and secured primary financing from a reputable lender
- ♦ Loan amount requested does not exceed 20% of the project's total financing requirements
- ♦ Eligible borrowers include both for profit businesses and non-profit entities.



## Types of Projects:

### **Commercial Real Estate Development:**

Development projects in which 100% of the net usable building floor area will be utilized for retail and/or office use. Projects may be new construction and/or redevelopment.

### **Mixed-Use Real Estate Development:**

Development projects that include a mix of retail and/or office uses and housing. Retail and/or office uses must occupy the street-level floor. Projects must conform to the City's Zoning Ordinance.

### **Industrial Real Estate Development**

#### **Projects:**

Development projects that will include some or all of the following activities:

- ♦ Manufacturing
- ♦ Assembly
- ♦ Warehousing and Distribution