



Financial Resources for Businesses

There are several private, public, and governmental programs offering loans for selected projects and purposes. Many of these resources are available at no or low interest rates.

To help inspire you in the creation, renovation or reinvention of your business, and to give you an idea of how some of the programs available through Belleville Chamber & Mainstreet could work for you, we've dreamed up the following scenarios about various projects that might be undertaken. The numbers are imaginary and some of the interest rates will vary based on current market conditions. Please note that, considering the size of each project, the down payment and monthly payments required are quite reasonable.

Once you've created the plan for your new business, or renovation/reinvention of your existing business, we'll be happy to work up a scenario customized to fill your requirements and make your vision become a reality.

Renovation/remodel improvements by building owner

\$10,000 project cost (7 year term) Jack owns a building and knows that it needs some work in order to be more attractive in recruiting the next tenant.. He made a list of things that needed to be done and got estimates from the various contractors needed to complete the work.

| Source | Amount | Rate | Mo. Pay |
|-----------------|--------------------|-------|------------------|
| Building Owner | \$ 1,000.00 | N/A | N/A |
| RCD/E Community | \$ 5,500.00 | 4.00% | \$ 75.18 |
| BIG | \$ 1,000.00 | N/A | N/A |
| IWW | \$ 2,500.00 | 0% | \$ 29.76 |
| Total | \$10,000.00 | | \$ 104.94 |

Leasehold (Renovation) Improvements by Tenant

\$6,000 project cost (3 year term) Jill had been in her rented location for just over a year now when she decided she needed to rebuild one display area and add better lighting to enhance one of her product lines. The improvements would be difficult to take with her later and essentially would become a part of the property (i.e. a leasehold improvement). Jill's landlord did not want to pay to make the improvements, but told Jill "If you pay for the project now, I'll reduce your rent over the next 3 years to allow you to recover most of your investment." (if she stays in the location for at least 3 more years).

| Source | Amount | Rate | Mo. Pay |
|--------------|--------------------|------|-----------------|
| Tenant | \$ 3,500.00 | N/A | N/A |
| BIG | \$ 1,000.00 | N/A | N/A |
| IWW | \$ 1,500.00 | 0% | \$ 41.67 |
| Total | \$ 6,000.00 | | \$ 41.67 |

Reinvention by business owner (new product line with addition of Internet)

\$20,000 project cost (\$17,000 inventory; \$3,000 Internet sales set up; 7 year term) Tom discovered a product line that no one else in the area is selling although his research indicated that he could offer the line in such a way that people would want to buy. He also knew that he could market the line in a way that would attract Internet customers. The project required \$17,000 in new inventory and \$3,000 to get geared up to process and ship Internet orders. Typically, banks require collateral for any lending and for inventory.

| Source | Amount | Rate | Mo. Pay |
|------------------|--------------------|-------|-----------------|
| Biz Owner | \$4,000.00 | N/A | N/A |
| Bank | \$5,000.00 | 6.00% | \$73.04 |
| RCD/ E Community | \$5,000.00 | 4.00% | \$68.34 |
| BIG | \$1,000.00 | N/A | N/A |
| IWW | \$5,000.00 | 0% | \$59.52 |
| Total | \$20,000.00 | | \$200.90 |

Reinvention by business owner (new equipment with remodeling to accommodate)

\$45,000 project cost (\$30,000 equipment; \$15,000 remodeling; 7 year term) Mary and Jane figured out a new product that would complement the rest of their offerings. The idea came one day as Jane was looking at related Internet sites and saw something they could combine with an existing product to make something new. They knew their customers would really like the new product. The launch required a piece of equipment purchased for \$30,000 and remodeling an area in their store to accommodate; price, \$15,000. The way our funding sources work required that we divide the project into two components, equipment and remodeling.

Equipment

Remodeling

| Source | Amount | Rate | Mo. Pay | Source2 | Amount2 | Rate2 | Mo. Pay2 |
|--------------|--------------------|-------|-----------------|-------------|--------------------|-------|-----------------|
| Biz Owner | \$5,000.00 | N/A | N/A | Biz Owner | \$1,000.00 | N/A | N/A |
| Bank | \$7,500.00 | 6.00% | \$109.56 | Bank | \$5,000.00 | 6.00% | \$73.04 |
| RCD/ E Com. | \$10,000.00 | 4.00% | \$136.69 | RCD/ E Com. | \$5,000.00 | 4.00% | \$68.34 |
| IWW | \$7,500.00 | 0% | \$89.29 | IWW | \$3,000.00 | 0% | \$35.71 |
| | | | | BIG | \$1,000.00 | N/A | N/A |
| Total | \$30,000.00 | | \$335.54 | | \$15,000.00 | | \$177.09 |

Total down payment by biz owner: \$6,000. Total monthly payment: \$512.63

Notes:

- 1) RCD & E Community interest rate is tied to New York Prime with a minimum of 4%.
- 2) Bank interest rates will vary by institution and by current market conditions.
- 3) IWW loans are at 0% interest.
- 4) BIG funds are grants and do not have to be repaid.

Sources:

- BIG—Business Incentive Grant (Local)
- IWW—Incentive Without Walls (KS)
- RCD—Republic County Development (Local)
- E Com. – E Community Loan
- Bank-Participating Bank Financing (Local)