



Small Business Financial Resource Guide

Information for

Small Businesses in

Greater Boston

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1998

PREPARED BY
*Massachusetts Community and Banking Council
Small Business Committee*

Table of Contents

Section	Page
INTRODUCTION	1
HOW TO USE THIS GUIDE	3
STATE AND LOCAL ASSISTANCE	7
Massachusetts Office of Business Development	7
City of Boston	8
Boston Empowerment Center	
<ul style="list-style-type: none">• Small Business Administration• City of Boston Office of Business Development• Jewish Vocational Service Microenterprise Division	
Municipal and Neighborhood Assistance	13
<ul style="list-style-type: none">• Municipal Programs• Working Capital• Community Development Corporations	
Summary Chart: Information and Management Assistance	15

Section	Page
FINANCING FOR YOUR BUSINESS	20
Special Finance Programs	22
Tips on Requesting Bank Financing	24
Small Business Lenders in Greater Boston	27
Types of Business Loans Offered	31
Bilingual Assistance	33
A Translation Key Between English and Bankerese	34
CONTACTS	44
MCBC SMALL BUSINESS COMMITTEE	47
MCBC MEMBER BANKS	48

Introduction

Businesses need financing to introduce new products, expand their facilities and take advantage of new market opportunities. Banks want business customers to make loans, expand their market share and increase the potential for new business. Local and state government support business growth to increase the availability of new jobs and ensure the economic well-being of the community.

But, for some business owners, access to credit seems very difficult. Banks, they are often told, aren't really interested in lending to small businesses. And, bankers sometimes seem to speak a foreign language ("bankerese") filled with technical jargon. As for government agencies, just look in the phone book. How do you tell one agency from another? Who can really provide assistance?

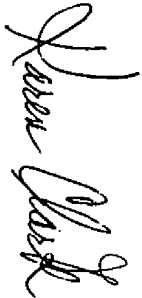
In 1997, the Massachusetts Community & Banking Council's (MCBC) Small Business Committee developed the *Small Business Financial Resource Guide* to help small business owners find the right kind of assistance to meet their business needs. The 1997 *Guide* was targeted to small businesses that were located, or were looking to locate in the City of Boston. Copies of the *Guide* were widely distributed through the Boston Empowerment Center, the Massachusetts Office of Business Development and through community-based organizations.

This year, the *Guide* has been expanded to include information on financing and other assistance available in the cities and towns adjacent to Boston. Additional information on neighborhood programs has also been included. As before, for purposes of this *Guide*, small businesses mean start-ups (in business for less than 18-24 months) and existing businesses with sales of less than \$1 million.

The Massachusetts Community & Banking Council (MCBC) was established in 1990 as a collaborative effort between community and bank representatives to encourage community investment in low and moderate income and minority neighborhoods. MCBC strives to promote a better understanding of the credit and financial needs in those neighborhoods and to provide assistance and direction to banks and community groups in addressing those needs. MCBC's Board of Directors includes both bank and community members; MCBC's activities are funded by support from member banks (see page 48). This *Guide* was developed by MCBC's Small Business

Committee, which includes representatives from banks, state and local government programs, quasi-public agencies, non-profit organizations and others who are working to support the growth of small businesses in Boston. A list of Committee members is included on page 47.

We hope you find this Guide informative and helpful.



Karen A. Clark, Co-Chair
MCBC Small Business Committee
USTrust



Walter Little, Co-Chair
MCBC Small Business Committee
Grove Hall Board of Trade

How to Use This Guide

BE AN EDUCATED CONSUMER

The programs listed in this Guide offer assistance to small businesses varying in size and stage of development. You will find information on programs and lenders targeted to your needs if you are starting up a new business or are well established. There are programs serving everything from home-based businesses to large-scale commercial and industrial enterprises. Your successful use of this Guide begins with knowing what services you and your business need.

Before you begin contacting banks, governmental or quasi-public agencies and other programs listed in this Guide, do an honest analysis of your business, its current status, performance and future growth. Also evaluate its needs and yourself as a business owner. This will speed you in your search for assistance. It also enables the organizations you contact to direct you to the programs and services that will best serve you.

Use the steps below to begin to analyze your business. This process should help minimize confusion when you review the many options for financing, technical assistance and other assistance listed in this Guide.

KNOW YOUR BUSINESS

Analyze your needs. Do you need financing, help with marketing, business plan development or general advice? Identify the needs of your business and then look for the programs that serve that need.

- You may find that you simply need to find the name and phone number of a bank that serves your local community.
- Your business may need assistance before you approach a lender, such as help with the development of a professional business plan.
- Perhaps you do not need financing at this point in your business development, but would benefit from counseling either on a one-on-one basis or in a classroom environment.

Assess your business. Honestly evaluate the stage of development of your business or your idea for a new business.

If you have an existing business:

- Have you written a business plan showing your goals and methods for the growth of your business?
- Is your business profitable?
- Does it have the right staff, location and product mix?
- Do you use sound accounting principles in keeping your books?
- Can you make financial information available to a lender on request?

If you want to start a new business:

- Have you written a professional business plan?
- Why do you think you can succeed with the new business you want to start?
- Do you have another source of income to live on while you are establishing your business?
- Do you have a substantial cash investment to help finance the start up of your business?
- Do you have a background in this business?
- Have you studied the target market for your new business?

Evaluate your strengths. What are your strengths as a business owner? Where can you benefit from mentoring, training or support?

- Do you need help writing a business plan?
- Are you computer literate?
- Do you need access to a computer to write your business plan?
- How strong is your bookkeeping system?

FINDING THE RIGHT ASSISTANCE FOR YOU

- *For most small business owners, the place to start is the section on State and Local Assistance. Find the programs that are available in your geographic areas and that need your business needs.*

The section on **State and Local Assistance** that begins on page 7 tells you where you can go for information and assistance on government-sponsored loan programs, business planning, financial management, business operations and loan packaging. The programs listed here offer guidance and assistance to small business owners on a variety of issues, from improving your business operations to preparing a specific loan request. You can make the best use of the services available by knowing what kind of assistance you need, finding the kind of programs that meets your needs and asking the right questions. For example, if you are looking for help in developing a professional business plan or improving your marketing, think about the kind of help you want and that best suits your style and schedule. You can seek one-on-one counseling or classroom training (which also provides an opportunity to network with other business owners). Maybe you think that all you need is a reference library or a computer program that you can use on your own. Some programs offer special one-time seminars on business topics. A summary of information and management assistance programs is listed on page 15.

- *Next, review the section on financing programs. The Guide lists a variety of public and quasi-public finance programs. Most work in tandem with local lending institutions to leverage their dollars.*

The section on **Financing for Your Business** that begins on page 20 provides a chart that can help you match your business and financing need with some of the loan programs available through public and quasi-public agencies and other local sources. You can use this chart and the accompanying descriptions to identify the type of program that may be right for your business. Again, knowing your business profile and your financing needs is the key to identifying the program or programs that may be right for you. Staff at many of the programs listed in the State and Local Assistance section can also help to direct you to the most appropriate sources, can serve as an advocate and adviser in identifying the right program for your business and can often help in developing your loan package or application.

- *Finally, review the sections on bank financing, targeting those that do business in your city or town and that offer the type of financing that you require.*

The **Tips on Requesting Bank Financing** section on page 24 tells you what you need to know about finding a bank and how to improve your chances for bank financing. Pages 27-33 include a list of banks in Greater Boston who provide financing to small businesses, the types of financing offered and bilingual assistance.

The **Translation Key** on page 34 helps you sort through that often mysterious language that some refer to as “bankerese.”

On page 44 of the Guide, there is a summary list of **Contacts**, government and non-profit offices that you can call for additional information and assistance.

State and Local Assistance

Federal, state and local government and a variety of community-based organizations have established programs to provide technical and financial assistance to small business owners looking to expand or simply to improve business operations. You can make best use of these programs by clearly defining your business needs.

Massachusetts Office of Business Development

The **Massachusetts Office of Business Development** assists existing businesses in creating and maintaining jobs and works to attract new businesses by facilitating their relocation to or expansion within the Commonwealth. The Office of Business Development provides a full range of business services and can serve as a single source of information and referral for economic development. The Office of Business Development has five regional business centers, including one in Boston, that provide an array of services, including:

- Facilitation of the regulatory, permitting and licensing processes
- Access to federal, state, local, quasi-public and private financing
- General information on starting a business in Massachusetts
- Identification of training and recruitment resources
- Site selection service
- One-stop environmental permitting

For additional information on state finance and assistance programs, business owners can contact the Massachusetts Office of Business Development at 727-3206 or 1-800-5-CAPITAL.

Through the **Massachusetts Economic Development Program**, the Commonwealth, in partnership with cities and towns, supports business growth in designated Economic Target Areas through the use of a variety of tax incentives. Certified Project designation is

required for businesses looking to participate in the Economic Development Incentive Program. *For information on Boston's Economic Target Area and the Certified Project designation process, contact the Massachusetts Office of Business Development.*

Massachusetts Small Business Development Centers provide free one-to-one management and technical assistance counseling and educational programs for prospective and existing small businesses. The Massachusetts Small Business Development Center in Boston is a partnership of, and is funded by, the United States Small Business Administration, the Commonwealth's Department of Economic Development and UMass/Boston. Types of assistance include:

- Management counseling services
- Training
- International Trade Program
- Capital Formation Services
- Minority Business Assistance Center

For information on current UMass/Boston Small Business Development Center programs, contact Henry J. Turner at 287-7750.

City of Boston

Boston Empowerment Center

The Business Assistance Team from the City of Boston's Office of Business Development and the U.S. Small Business Administration's (SBA) **One Stop Capital Shop/Business Information Center** are together located at the **Boston Empowerment Center**. The Boston Empowerment Center was established to make information and professional business assistance available to small firms in a "one-stop" environment. The Boston Empowerment Center is staffed by professionals from the City of Boston's Office of Business Development, Boston Redevelopment Authority, and Department of Neighborhood Development; the SBA; the SBA Service Corps of Retired Executives; Department of Defense; General Services Administration; Jewish Vocational Services; and the Center for Women & Enterprise. These services are available on a walk-in basis. In addition, Boston Empowerment Center staff can refer business owners to other government, public and private organizations, banks, business education and service providers.

Services and information available at the Boston Empowerment Center include:

- Conference/meeting facilities
- Business start-up/acquisition
- Loan packaging assistance
- Business plans
- Marketing/sales
- City, state and federal procurement
- Accounting and record keeping
- Advertising strategies
- Inventory display/floor layout and design
- Business recruitment
- Network development
- Grand openings and promotional events
- Training seminars
- Language translation
- Site Finder services

The programs available at the Boston Empowerment Center include:

City of Boston Office of Business Development

Business Assistance Team

The **Business Assistance Team** provides one-on-one personalized assistance to businesses with licensing and permitting and management and technical assistance, including access to consultants, educational institutions and other state, federal or nonprofit agencies. Services are provided in the following areas: referrals and grants for business plans; access to capital, business financial management systems; inventory management and control; accessing City services, including facade and design assistance; and marketing and advertising, including store layout and window displays.

The **Boston Main Streets Program**, which operates in 15 Boston neighborhoods, provides assistance to local group efforts to revitalize neighborhood business districts. City assistance includes: design assistance to improve the appearance of the commercial district, organizing assistance to build neighborhood partnerships, marketing assistance to promote the commercial district and assistance with recruiting new businesses. Through the Main Streets Program, funding and matching grants are available for technical assistance, small scale rehab projects, public safety improvements and promotional services.

The **Business Recruitment Program** provides information and assistance to attract businesses to Boston's neighborhood business districts. The program gives priority to the Boston Enhanced Enterprise Community, Blue Hill Avenue and the Boston Main Streets districts to help support the comprehensive neighborhood revitalization efforts in those areas.

For more information on Boston Empowerment Center services or to make an appointment with a business counselor, contact the Business Assistance Team at 617 445-3413.

Business and Real Estate Financing

Professional staff at the Boston Empowerment Center can also provide information and assistance on financing options, including the following:

- The **Neighborhood Business Development Program** provides loans to cover the gap between the amount of financing needed for an economic development project and the amount that conventional lenders can underwrite. On average, projects must create or retain at least one full-time job for every \$35,000 in loan. The terms and conditions of the loans are flexible to meet the needs of the project. Real estate loans are available for (1) commercial real estate projects involving the acquisition and construction/rehab, city-owned commercial buildings, or vacant land on Blue Hill Avenue and (2) small scale interior and exterior renovations (up to \$50,000) of storefront commercial spaces that will improve the physical appearance of property or better market local businesses in the portion of Blue Hill Avenue between Dudley Street and Grove Hall. Business loans are also available to finance the purchase of equipment, fixtures, inventory, leasehold improvements and working capital.
- The **Boston Local Development Corporation** is a private, non-profit corporation administered by the Boston Redevelopment Authority (BRA). The Boston Local Development Corporation provides loans between \$15,000 and \$150,000 for existing businesses in, or relocating to, the City of Boston, with an emphasis on the Enhanced Enterprise Community and Boston Main

Streets neighborhoods. These loans can be used to buy new business property, purchase equipment and machinery, construct an addition to an existing plant, or for leasehold improvements. Funds can also be used for working capital to support the needs of a growing small business, to increase inventory, hire new employees or support a higher level of account receivable. The Boston Local Development Corporation provides stand-alone financing and can provide subordinated debt for up to 30% of a total project.

In addition, the Boston Local Development Corporation offers a microloan program through the **Boston Small Business Fund**. The Boston Small Business Fund lends between \$5,000 and \$15,000 to start up or existing businesses in the City of Boston that demonstrate a positive benefit to the City through job creation and/or the provision of needed community services.

- **The Boston Industrial Development Financing Authority**, also affiliated with the BRA, issues bonds to finance capital needs of businesses and institutions. Bonds can be used to finance construction, capital expenses and working capital needs resulting from expansion. Project should be of sufficient size to justify legal, underwriting and placement costs, generally a minimum of \$750,000. The types of bond issues available include tax-exempt bonds for non-profit institutions, tax-exempt industrial development bonds and taxable bonds for industrial and commercial enterprises.

- As an Enhanced Enterprise Community, the City of Boston was awarded \$22 million in federal **Economic Development Initiative** funds to be used in conjunction with loans made under the HUD Section 108 guarantee program. These funds can only be used for projects within the area of the City of Boston designated as the Enhanced Enterprise Community. HUD 108 loan guarantees can be used for projects that create jobs, a majority of which will be available to low and moderate income individuals; provide a needed community service and/or aid in the elimination of slums and blight. Due to the high placement and underwriting costs, the minimum feasible request for these funds is \$250,000. Economic Development Initiative funds can be used to provide enhancements to HUD 108 guarantees, including writing-down the interest rate in order to allow a project to cash-flow, serving as equity to give a project an appropriate loan to value ratio, providing additional security for a project, e.g. a letter of credit; offsetting the legal and underwriting costs attached to a project; or lowering the risk to the City of obtaining future HUD 108 allocations, by establishing a loan loss reserve. The Economic Development Initiative program is not a stand-alone funding source; funds can only be used on a one-to-one basis in conjunction with the HUD 108 loan guarantee program.

For additional information on all City of Boston financing options, contact the Office of Business Development at 617 445-3413.

Small Business Administration (SBA)

The SBA One Stop Capital Shop/Business Information Center is a reference/resource facility with computers, modems, CD-ROM, and video monitor, and over 200 Entrepreneur Start-Up Business Guides available to assist persons who are in business or who are planning to start a business. Normally, a person will start with one-on-one counseling with a Service Corps of Retired Executives counselor or Small Business Development Center counselor who can help to fully utilize the resources of the Business Information Center, including:

- The Business Information Center's **reference library** contains a variety of publications to assist in developing sound business management concepts and a business plan. Publications cover business planning, marketing, operations and financial analysis.
- A wide selection of **video tapes** is available, including the complete *Inc. Magazine* video series, plus other tapes covering exporting, business planning, marketing, promotion and other subjects.
- A selection of **CD-ROM** discs are available for business research, including the 1990 Census Population & Housing, 1992 Economic Census, County Business Patterns, Dun's Business Locator and Middle Market, Statistical Abstract of the U.S., Select Phone, Streets Plus, Microsoft Encarta, Office and Bookshelf, along with information on exporting.
- Seven computer stations are available to enable a present or potential small business owner to access a variety of computer software programs designed to assist in the development and management of a small business. Template applications are provided for formatting a **business plan**. The integrated programs utilize word processing, spreadsheets and data base applications.

JVS Microenterprise Division

JVS Microenterprise Division is part of Jewish Vocational Service (JVS), a non-profit provider of career and business services. The Microenterprise Division provides three major services: training for entrepreneurs, technical assistance for existing and start-up small businesses, and loans from \$2,500 to \$25,000 for new or existing business located in the Enhanced Enterprise Community and Greater Boston. JVS currently operates several loan funds. Loans from the SBA Microloan Program may be used to purchase equipment or

machinery, increase inventory, support marketing campaigns, and to provide working capital for expansion. Loans may not be used for purchase of real estate or for leasehold improvements. Loans from the Massachusetts Development Finance Authority administered by JVS are available specifically for immigrant and refugee-owned businesses.

JVS Microenterprise Division provides inexpensive opportunities to learn about starting and running a business. Sliding scale fees are based on participants' family income levels. Applicants should have a viable business idea, the desire to be self-employed and the willingness to commit to pursuing business start-up or expansion. Technical assistance is a requirement for loan recipients. Loan packaging services may be initiated at the Boston Empowerment Center or the JVS office at 105 Chauncy Street in Boston. *For further information about JVS Microenterprise Division, contact Mary Browne, Brenda Gagnon, Cheryl Sullivan or Michael Torrens at 617 451-8147.*

Municipal and Neighborhood Assistance

Municipal Programs. Many cities and towns offer management assistance, referrals and/or loan programs targeted to small business owners. Programs vary widely. *For information on specific programs in your community, check the Summary Chart on page 16 or contact your City Hall and ask for the community or economic development department.*

Working Capital - Greater Boston provides business education, capital and networking opportunities for entrepreneurs. Working Capital business members have the opportunity to form peer lending groups with four to eight other entrepreneurs to exchange ideas, refer customers and access loan capital. Working Capital offers workshops twice monthly on marketing, bookkeeping, legal issues, and credit repair. Members can obtain a loan by applying to their peer lending group, which makes approvals based on whether the loan will benefit the business and whether the business will be able to repay the loan. Working Capital staff does not review the applicant's credit history or take collateral; instead the peer groups are responsible for ensuring that members repay on time. Loans start at up to \$500, repayable in four to six months, and increase in steps to \$10,000. Members can only move on to the next loan level if all members are on time in their repayments. *For information, contact Mary Goldstein-Gelb at 617 547-3739.*

Community development corporations (CDCs) are non-profit, community-based development organizations that work to revitalize poor and working class communities. In Boston, two CDC collaboratives, Nuestra Comunidad's Neighborhood Business

Development Center and the CDC Community Business Network, have well established business development programs in which CDC staff work one-on-one with individual entrepreneurs to provide a customized set of services. CDC staff are well informed about the full range of private, public and non-profit programs available to small businesses and can help an entrepreneur navigate the system. This can include finding the right training program or workshops for a particular business owner; assisting an entrepreneur in writing a business plan and preparing financial projections; helping with financial management, operations, marketing, and other key issues; connecting business owners to accountants, lawyers and other professionals; and packaging loans with a number of lenders, including most of those listed in this Guide. CDCs also have special access to equity financing through the Community Development Finance Corporation. Those CDCs which do not have business development programs can usually make referrals to other CDCs or appropriate agencies. *For information, check the Summary Chart on page 17 for the CDC serving your neighborhood.*

Summary Chart: Information and Management Assistance

Organization/ Agency	Contact/ Phone	Service Area	Types of Assistance Available					Other	Bilingual Staff	
			One-on-One Counseling	Classroom Training	Seminars/ Workshops	Access to Lenders				
Statewide/Regional										
Center for Women & Enterprise	Tandela Guilderson 617 423-3001 ext. 232	Statewide	Yes	Yes	Yes	Yes	Sliding scale, financial aid available for all programs and services	Spanish		
Jewish Vocational Service	Mary Browne Michael Torrens 617 451-8147	Greater Boston	Yes	Yes	Yes	Yes	Targeted to low and moderate income residents	Spanish Russian Vietnamese		
Massachusetts Office of Business Development	Gordon Carr 617 727-3206 1-800-5- CAPITAL	Statewide			Yes	Yes	Regulations and licenses Environmental permitting Site selection			
Massachusetts Small Business Development Center	Henry Turner 617 287-7750	Statewide	Yes	Yes			International trade program			
Small Business Administration	Anne Rice 617 565-5575	Statewide	Yes		Yes	Yes	Reference library Computers and modems			
Working Capital	Marcy Goldstein-Gieb 617 547-3739 Bonnie Cronin 617 576-8620	Boston, Cambridge, Somerville Other cities/towns			Yes	Yes	Peer group networking	Creole Spanish		

Organization/ Agency	Contact/ Phone	Service Area	Types of Assistance Available					Other	Bilingual Staff
			One-on-One Counseling	Classroom Training	Seminars/ Workshops	Access to Lenders			
			Cities and Towns						
Boston Business Assistance Team	Greg Molina 617 445-3413	City of Boston	Yes			Yes		Portuguese Spanish	
Cambridge Business Development Center	Diane Franklin 617 349-4690	Cambridge	Yes		Yes	Yes	CEO mentor groups	Chinese Spanish	
Cambridge Economic Development Division	Elaine Madden 617 349-4618	Cambridge	Yes	In conjunction with the Center for Women & Enterprise and the Cambridge Business Development Center	Yes	Yes, plus Cambridge Business Loan Fund, Cambridge Savings Bank Special Loan Program, public loan programs	Customized real estate site search		
CBWL - Enterprise Center	Peg Ryan 617 847-3063	Quincy	Yes	Yes	Yes	Yes	Program designed for employed/ dislocated workers interested in starting their own businesses.		

Organization/ Agency	Contact/ Phone	Service Area	Types of Assistance Available					Bilingual Staff
			One-on-One Counseling	Classroom Training	Seminars/ Workshops	Access to Lenders	Other	
Cities and Towns (continued)								
Newton Department of Planning and Development	Carol Bock Mark Johnson Linda Walden 617 552-7135	Newton	Yes		Yes	Yes, plus CDBG loan program for eligible businesses	Women's Enterprise Initiative Business Plan Forum	
Quincy 2000 Corporation	Ann Fisher 617 847-1454	Quincy	Yes		Yes	Loans and grants available to eligible businesses		Arabic Russian
Somerville Office of Housing and Community Development	James Chaput 617 625-6600	Somerville	Yes			Yes, plus Direct Loan and Participating Loan Programs and Commercial Storefront Improvement Grant Program	Referrals to Somerville Community Corporation	
Neighborhoods								
Community Development Corporation (CDC) Community Business Network	Allston- Brighton CDC Joanne McKenna 617 787-0425 Asian CDC Bruce Pullyblank 617 482-2380	Allston- Brighton Chinatown	Yes Yes	Referrals to other programs Referrals to other programs	Yes Yes	Yes Yes		Chinese Portuguese Spanish Vietnamese (available through all CBN members)

Organization/ Agency	Contact/ Phone	Service Area	Types of Assistance Available					Bilingual Staff
			One-on-One Counseling	Classroom Training	Seminars/ Workshops	Access to Lenders	Other	
Neighborhoods (continued)								
CDC Community Business Network (continued)	CDC of Boston John Francis 617 442-2114	Roxbury	Yes	Referrals to other programs	Yes	Yes		Chinese Portuguese Spanish Vietnamese (available through all CBN members)
	Dorchester Bay EDC Christo Banda 617 825-4200	Dorchester	Yes	Referrals to other programs	Yes	Yes		
	Fenway CDC Tracy Holman 617 267-4637	Fenway	Yes	Referrals to other programs	Yes	Yes		
	Jamaica Plain NDC Kit Perkins 617 522-2424	Jamaica Plain	Yes	Referrals to other programs	Yes	Yes		
	NOAH/East Boston John Sepulveda 617 569-0059	East Boston	Yes	Referrals to other programs	Yes	Yes		
	South Boston NDC George Craddock 617 268-9610	South Boston	Yes	Referrals to other programs	Yes	Yes		

			Types of Assistance Available					
Organization/ Agency	Contact/ Phone	Service Area	One-on-One Counseling	Classroom Training	Seminars/ Workshops	Access to Lenders	Other	Bilingual Staff
Neighborhoods (continued)								
CDC Community Business Network (continued)	Viet-AID James Pham 617 822-3717	Dorchester	Yes	Referrals to other programs	Yes	Yes		Chinese Portuguese Spanish Vietnamese (available through all CBN members)
Nuestra Comunidad Neighborhood Business Development Center	Manuel Martinez 617 989-1205	Dorchester Jamaica Plain, Roslindale Roxbury South End	Yes	Yes	Yes	Yes	Certified Intermediary for SBA Minority & Women Prequalifica- tion Program	French Haitian/Cape Verdean Creole Portuguese Spanish

Financing for Your Business

Federal, state and local governments and quasi-public and community-based organizations have financing programs targeted to the special needs of small business owners unable to qualify for standard bank financing. These programs often have special qualifications and/or eligibility criteria. While some business owners believe that government programs are time-consuming and layered in bureaucracy (even all the initials look intimidating), that generally is not the case for business owners who are clear about their financing needs and prepared with the appropriate records and documentation. Business specialists at places like the Massachusetts Office of Business Development and the Boston Empowerment Center can help you identify the right program to meet your needs and can assist in the application process.

The programs listed below and described more fully on the next page represent some of the financing programs that are available:

Program	Customer Type		Financing Need				Loan Type			Equity
	Start-Up Businesses	Existing Businesses	Long Term Real Estate Mortgages	Short Term Construction (Rehab/New)	Equipment (Used/New)	Working Capital	Direct	Subordinated	Loan Guarantee	
Boston Local Development Corporation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Boston Industrial Development Finance Agency	Yes	Yes	Yes	Yes	Yes		Yes			
Enhanced Enterprise Community HUD 108	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Jewish Vocational Service	Yes	Yes			Yes	Yes	Yes			

	Customer Type			Financing Need			Loan Type			
Program	Start-Up Businesses	Existing Businesses	Long Term Real Estate Mortgages	Short Term Construction (Rehab/New)	Equipment (Used/New)	Working Capital	Direct	Subordinated	Loan Guarantee	Equity
Massachusetts Business Community Group		Yes	Yes		Yes	Yes	Yes	Yes		
Small Business Administration	Yes	Yes	Yes		Yes	Yes		Yes	Yes	
Working Capital	Yes	Yes		Yes	Yes	Yes	Yes			

Special Finance Programs

Program Name	Program Description	Program Terms and Conditions
Boston Local Development Corporation (BLDC)	Program provides a broad range of financial options to start-up and existing businesses. Loan products can be used for commercial real estate mortgages, short-term (rehabilitation and new) construction, equipment purchases and working capital.	Loans to start-up companies are limited to \$15,000. Loans to existing companies are limited to \$150,000. Terms for both loan categories: seven years (repayment period) and prime rate plus two points (interest rate). Projects must demonstrate job creation or retention.
Boston Industrial Development Finance Agency (BIDFA)	Program features a bond instrument with a minimum value of \$750,000. Provides only direct loans. No working capital.	Minimum bond value of \$750,000. Terms: 15-20 years; interest rate reflects the market.
Enhanced Enterprise Community (EEC) HUD 108	Program provides loans and credit enhancements for qualified businesses located in the City of Boston's Enhanced Enterprise Community.	Qualified businesses must create jobs for low/moderate income residents or provide a needed community service. Minimum request is currently \$250,000 (\$35,000/job created).
Jewish Vocational Service (JVS)	Program provides direct loans for equipment and working capital uses. Start-up and existing businesses are eligible. Technical assistance is a requirement.	Loans for start-up and existing businesses limited to \$25,000. Terms: maximum six years repayment; interest from 11.875% to 12.125% (established by the SBA).
Massachusetts Business Community Group (MBCG)	Program operates under the umbrella of the Massachusetts Business Development Corporation (MBDC)	Loans to minority/women-owned businesses and nonprofit organizations. Loan sizes range from \$50,000 to \$1 million with terms of 5-20 years. Market interest rates.

Program Name	Program Description	Program Terms and Conditions
Small Business Administration (SBA)	Program provides loan guarantees for bank loans to small businesses for a variety of financing needs. Program eligibility based on size standards established by the SBA. Loans not available for speculation or investment in rental real estate. Borrower makes loan payments to the lender.	Time for repayment depends on the use of proceeds and the ability of the business to repay. Working capital loans generally have maturities of up to 10 years. Longer maturities, up to 25 years, are used to finance fixed assets.
Working Capital (W/C)	Program provides financing of \$500 to \$10,000 to start-up and existing businesses. Loans are approved by a trained group of participating business owners. Working Capital issues checks per group request.	Time for repayment varies by loan amount: \$500 loan, 4-6 months; \$1,000 loan, 4-12 months; \$1,500 loan, 4-18 months; \$2,000 loan, 4-24 months; \$5,000 loan, 4-26 months; \$10,000 loan, 4-20 months..

Tips on Requesting Bank Financing

BE PREPARED

When you contact your bank, have a complete package ready to present to the lender. This should include:

- A 3-5 page business plan/proposal describing the purpose of the loan, the owner's experience, a description of the business and/or product and the business's target market.

Business plan formats are available through local bookstores, the Small Business Administration and local business assistance centers like The Boston Empowerment Center.

- The request should include the amount requested, the length of loan terms and the method and source of repayment. You should also list any collateral available to secure the loan.
- Include a personal financial statement and three years of tax returns. If your business is incorporated, provide three years of the business's tax returns and financial statements, if available. Note that most banks require you to complete a personal financial statement that is provided by the bank.
- Provide your most recent month-end actual balance sheet and income statement, a projected 12-month cash flow and projected year-end balance sheet and income statement.
- Provide copies of any licenses or permits your business requires, along with articles of incorporation, by-laws, partnership or trust agreements, and any other certificates of existence. You should also include any pertinent lease agreements and purchase and sale agreements.

- Be aware of your credit history. Banks require an explanation of any blemishes on your credit report. *You can request a copy of your credit history from Credit Data of New England, CBI/Equifax or TransUnion.*

BE SPECIFIC

Unlike applying for a credit card ("If I can't have a \$5,000 credit limit, how about \$1,000?"), commercial credit requests are project-specific. If you are requesting financing, the amount you apply for should be justified by its purpose. That means:

- If your company needs \$25,000 for relocation and leasehold improvements, your request should show how the funds will be used and how using these funds will increase the sales volume of your business. If the amount appropriate for the project is \$25,000, do not approach your bank with a request for more or less.
- If you are applying for construction financing or are looking to purchase equipment, provide the bank with the appropriate construction estimates, equipment appraisals or price lists.

Of course, you will also need to show your ability to repay the amount requested. If your repayment is predicated upon using the loan proceeds to increase sales, you must show the bank how this influx of money will accomplish this.

GAINING ACCESS

One of the most common complaints of small business owners is their inability to gain access to bank credit. The first thing to keep in mind is that banks are in the business of lending money. They want to make loans. However, **banks can only make prudent loans to serious, creditworthy borrowers.** Always present yourself in this light:

- Deal with your bank in a professional manner.
- Make appointments to meet with lenders, and meet with them at the appointed time.

- When the bank requests information, provide it quickly and properly packaged.
- Know your credit history and be prepared to respond if the bank has any questions or concerns.

The most obvious way to approach a bank for financing is to start with the bank you are currently doing business with:

- Meet with the branch manager responsible for your deposit accounts. She/he will be familiar with your business and can serve as your guide to the best loan product and, if necessary, your advocate with the business loan department.
- If the branch manager can't help you, contact the small business or commercial loan department on your own. Banks generally have lenders that specialize in different types and sizes of businesses, and specific geographic area. Explain clearly what kind of financing you need and make sure you are dealing with the right lender.
- Remember that you are not limited to approaching only one bank. Different banks have different target markets and are driven by a variety of lending philosophies. Shop around until you find a banker who you feel understands your needs and will best respond to them. Use this Guide to help you shop.

Look for opportunities to meet bankers in your neighborhood. Banks regularly send representatives to meetings of the local board of trade, chamber of commerce, community and civic groups. They attend meetings of trade groups and business associations.

Among other reasons, they are there to look for business prospects. Introduce yourself and tell them about your business. You can also ask friends and business associates to refer you to their bank. If you can develop a rapport with a banker in these circumstances, it will ease the process of requesting a loan. But, remember, this is only a means to an introduction. Whether or not you are approved is based solely on the soundness of your request.

Look for assistance from public and quasi-public agencies. They can often help prepare you for and assist with your introduction into the lending community. The best known agency is probably the Small Business Administration. There are also a number of state, city and non-profit agencies that can assist you in getting access to bank financing. *For more information on these assistance programs, see page 7.*

Small Business Lenders in Greater Boston

The following list of banks provide financing to small businesses in Boston and neighboring communities. Find the community where you are located or want to locate to identify the banks that serve that community. See page 31 for bank phone numbers and a list of the types of loans that are available and page 33 for banks that offer bilingual assistance.

City of Boston	
Areas Served	Banks
Entire City of Boston	BankBoston Boston Private Bank & Trust Co. Citizens Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet Community Development Corporation (CDC) Hyde Park Co-Operative Bank Liberty Bank & Trust Company National Bank of Greece Peoples Federal Savings Bank PNC Bank, New England Salem Five Cents Savings Bank State Street Bank UStrust
Allston	BankBoston First Community Bank
Back Bay	Somerset Bank East Boston Savings Bank
Brighton	Somerset Bank

City of Boston	
Areas Served	Banks
Charlestown	Somerset Bank BankBoston First Community Bank
Chinatown	BankBoston First Community Bank
Dorchester	BankBoston First Community Bank
East Boston	East Boston Savings Bank BankBoston First Community Bank
Hyde Park	Roslindale Co-Operative Bank BankBoston First Community Bank
Jamaica Plain	Roslindale Co-Operative Bank BankBoston First Community Bank
Mattapan	Roslindale Co-Operative Bank BankBoston First Community Bank
North End	East Boston Savings Bank Roslindale Co-Operative Bank
Roslindale	Roslindale Co-Operative Bank BankBoston First Community Bank
Roxbury	BankBoston First Community Bank
South End	BankBoston First Community Bank
West Roxbury	Roslindale Co-Operative Bank

Other Cities and Towns	
City/Town	Banks
Brookline	BankBoston Boston Private Bank & Trust Co. Citizens Bank Eastern Bank Fleet National Bank/Fleet CDC First Trade Union Bank Hyde Park Co-Operative Bank Peoples Federal Savings Bank Roslindale Co-Operative Bank Salem Five Cents Savings Bank State Street Bank USTrust
Cambridge	BankBoston Boston Private Bank & Trust Co. Cambridge Trust Company Citizens Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC Peoples Federal Savings Bank National Bank of Greece Salem Five Cents Savings Bank Somerset Bank State Street Bank USTrust
Chelsea	BankBoston Boston Private Bank & Trust Co. Citizens Bank Eagle Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC National Bank of Greece PNC Bank, New England

Other Cities and Towns	
City/Town	Banks
Chelsea (continued)	Salem Five Cents Savings Bank Somerset Bank State Street Bank USTrust
Dedham	BankBoston Boston Private Bank & Trust Co. Citizens Bank Dedham Institution for Savings Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC Hyde Park Co-Operative Bank Roslindale Co-Operative Bank Salem Five Cents Savings Bank State Street Bank USTrust
Everett	BankBoston Boston Private Bank & Trust Co. Citizens Bank Eagle Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC National Bank of Greece Salem Five Cents Savings Bank Somerset Bank State Street Bank USTrust
Milton	BankBoston Boston Private Bank & Trust Co. Citizens Bank Dedham Institution for Savings Eastern Bank First Trade Union Bank

Other Cities and Towns	
City/Town	Banks
Milton (continued)	Fleet National Bank/Fleet CDC Hyde Park Co-Operative Bank Salem Five Cents Savings Bank State Street Bank USTrust
Newton	BankBoston Boston Private Bank & Trust Co. Cambridge Trust Company Citizens Bank Dedham Institution for Savings Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC Hyde Park Co-Operative Bank Peoples Federal Savings Bank Salem Five Cents Savings Bank Somerset Bank State Street Bank USTrust
Quincy	BankBoston Boston Private Bank & Trust Co. Citizens Bank Dedham Institution for Savings Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC Hyde Park Co-Operative Bank Salem Five Cents Savings Bank State Street Bank USTrust
Revere	BankBoston Boston Private Bank & Trust Co. Citizens Bank Eagle Bank

Other Cities and Towns	
City/Town	Banks
Revere (continued)	East Boston Savings Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC National Bank of Greece PNC Bank, New England Salem Five Cents Savings Bank Somerset Bank State Street Bank USTrust
Somerville	BankBoston Boston Private Bank & Trust Co. Cambridge Trust Company Citizens Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC National Bank of Greece Salem Five Cents Savings Bank State Street Bank USTrust
Watertown	BankBoston Boston Private Bank & Trust Co. Cambridge Trust Company Citizens Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC Peoples Federal Savings Bank Salem Five Cents Savings Bank Somerset Bank State Street Bank USTrust

Other Cities and Towns	
City/Town	Banks
Winthrop	BankBoston Boston Private Bank & Trust Co. Citizens Bank East Boston Savings Bank Eastern Bank First Trade Union Bank Fleet National Bank/Fleet CDC PNC Bank, New England Salem Five Cents Savings Bank State Street Bank USTrust

Types of Business Loans Offered

Bank	Phone	Types of Loans						
		Long-Term Real Estate	Short-Term Construction	Equipment Financing	Working Capital	Lines of Credit	Micro-Loans	Government Loans
BankBoston	1-888-BKB FOCUS	Yes	Yes	Yes	Yes	Yes	Yes	Yes
BankBoston First Community Bank	617 434-1921	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Boston Private Bank & Trust Co.	617 912-1944 617 912-4208 (Spanish)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Cambridge Trust Company	617 876-5500	Yes	Yes	Yes	Yes	Yes		Yes
Citizens Bank	617 725-5669	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Dedham Institution for Savings	781 329-6700	Yes	Yes	Yes	Yes	Yes		Yes
Eagle Bank	617 387-5110	Yes	Yes	Yes	Yes	Yes		Yes
East Boston Savings Bank	617 568-4343	Yes	Yes	Yes	Yes	Yes	Yes	(1)
Eastern Bank	617 689-1707	Yes	Yes	Yes	Yes	Yes	Yes	Yes
First Trade Union Bank	617 728-7312	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fleet Community Development Corporation (CDC)	617 346-0874			Yes	Yes	Yes	Yes	Yes
Fleet National Bank	617 292-3198	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hyde Park Co-Operative Bank	617 364-6012	Yes	Yes	Yes	Yes	Yes		Yes
Liberty Bank & Trust Company	617 338-4700	Yes	Yes	Yes	Yes	Yes	Yes	Yes
National Bank of Greece	617 367-2200			Yes	Yes	Yes	Yes	Yes
Peoples Federal Savings Bank	617 254-0707	Yes	Yes	Yes	Yes	Yes		Yes
PNC Bank, New England	617 443-6372	Yes		Yes	Yes	Yes		
Rosindale Co-Operative Bank	617 325-2900	Yes	Yes	Yes	Yes	Yes	Yes	
Salem Five Cents Savings Bank	1-800-322-2265	Yes	Yes	Yes	Yes	Yes		Yes

		Types of Loans						
Bank	Phone	Long-Term Real Estate	Short-Term Construction	Equipment Financing	Working Capital	Lines of Credit	Micro-Loans	Government Loans
Somerset Bank	617 625-6000	Yes	Yes	Yes	Yes	Yes	Yes	Yes
State Street Bank	617 664-4280 617 664-6361 (Spanish)			Yes	Yes	Yes	Yes	Yes
USTrust	617 695-4149	Yes	Yes	Yes	Yes	Yes	Yes	Yes

(1) Building facade loan program

Bilingual Assistance

Bank	Staff	Applications
BankBoston/First Community Bank	Chinese, Spanish, Vietnamese.	Spanish
Boston Private Bank & Trust Company	Spanish (also available by phone at 617 912-4208).	
Cambridge Trust Company	Translation assistance available on request (Albanian, Amharic, Armenian, Cantonese, Dutch, French, Greek, Hebrew, Hindi, Italian, Laotian, Mandarin, Papiamentu, Portuguese, Spanish, Taiwanese).	Spanish
Citizens Bank	Spanish. Other translation assistance available on request.	
East Boston Savings Bank	Italian, Spanish at branch locations.	
Fleet Community Development Corporation	Spanish.	
Fleet National Bank	Chinese, Spanish.	
Hyde Park Co-Operative Bank	Spanish.	
Liberty Bank & Trust Company	Cantonese, French, Mandarin, Spanish, Vietnamese.	
National Bank of Greece	Greek (also available by phone at 617 367-2200).	
Peoples Federal Savings Bank	Cantonese, Greek, Spanish, Russian.	Spanish
PNC Bank, New England	French, Spanish	
Roslindale Co-Operative Bank	Greek.	
Somerset Bank	Creole, French, Italian, Portuguese, Spanish.	
State Street Bank	Spanish. For phone inquiries 617 664-6361.	
USTrust	Spanish. Other translation assistance available on request.	

A Translation Key Between English and Bankereese...

A

Account Analysis – A report, usually issued monthly, which provides the customer with data detailing activity in his/her bank account.

Accountant – A financial advisor who keeps, audits and inspects the financial records of individuals or business concerns and prepares financial and tax returns.

Accrued Interest - Interest earned but not yet credited to an account.

Amortization - 1. An accounting practice of gradually decreasing an asset's book value by spreading its depreciation over time. 2. The gradual reduction of a debt by making periodic principal payments.

Annual Percentage Rate (APR) – The cost of credit on an annual basis. APR is expressed as a percentage, resulting from an equation that considers three factors: the amount financed, the finance charge and the term of the loans.

Annual Percentage Yield (APY) – The return earned on an investor's capital investment, expressed as a percentage.

Appreciation – The increase in value of an asset.

Arm's Length Transaction – A business transaction that occurs without bias between two unrelated parties with their respective self-interests in mind.

Asset – Anything that has commercial or exchange value that is owned by a business or an individual.

Asset-Based Loan (ABL) – Financing that provides credit secured by a company's balance sheet assets, such as inventory, accounts receivable or other collateral other than real estate.

Audit Trail - A chronological record of systems activity or banking transactions that is sufficiently clear and detailed to enable reconstruction and examination of a sequence of events.

Available Balances - Those balances in an account that can be invested, disbursed or wired out. Available balances are defined as book balances less float.

B

Balance Reporting System - A system whereby a corporate customer is provided with detailed account activity and balances daily. These systems are often automated and on-line.

Balance Sheet - A financial report, also called a statement of condition or a statement of financial position, showing the status of a company's assets, liabilities and owner's equity on a given date, usually the close of a month. Unlike a profit and loss statement, which shows the results of operations over a period of time, a balance sheet shows the state of affairs at one point in time.

Balloon Payment - A final loan payment, representing the amount required to pay the loan in full, which is substantially larger than any of the previous regular payments.

Banker's Acceptance (BA) - Negotiable bank-guaranteed corporate credit instruments usually arising out of financing for the transfer of goods.

Bank Holding Company - A corporation that owns or controls one or more banks through ownership of stock. All bank holding companies come under the jurisdiction of the Federal Reserve.

Bank Statement - A periodic statement of a customer's account detailing credits and debits posted to the account during the period and book balance as of the statement cutoff date.

Basis Point - One basis point is calculated as 1/100th of a percentage point.

Book (or Gross) Balance - Refers to the ledger credit for funds on deposit prior to any reduction for float, uncollected funds, or reserve requirement.

Book Entry - A system of buying and selling securities whereby no actual physical document or certificate is created and delivered.

Bottom Line - The net profit or loss from a business.

C

Cash Flow - The movement of cash within a business.

Cash Management - The systematic gathering of information about a business' collections, disbursements, and balances and the use of that information to effectively manage the funds available to the business.

Character - The combination of qualities or features especially moral or ethical strength, that distinguishes one person from another. Character is an extremely important consideration for banks when giving loans.

Chief Executive Officer (CEO) - The person who holds the highest position of authority within a company or organization.

Chief Financial Officer (CFO) - The person who holds the highest position of financial authority within a company or organization. Responsibilities include handling funds, signing checks, keeping financial records and doing financial planning.

Closely Held Business - A business privately owned and run by a few individuals. If the individuals are related, also known as a Family Business.

Collateral - Property acceptable as security for a loan or other obligation.

Commercial Paper - Negotiable short term IOUs issued by well-known corporations.

Compensating Balances - The amount of money that bank customers must maintain on deposit to compensate for bank services and credit accommodations.

Controlled Disbursement - A checking account service that provides a detailed summary of all activity having an impact on a customer account each business day.

Covenant - A promise in a debt agreement that certain things will happen and others will not.

Credit Advice - A written bank notice that describes the crediting of funds to a specific account.

Current Yield - The dividends or interest paid, expressed as a percentage of the current price of a security; also known as the current rate of return.

D

Debit Advice - A written bank notice that describes the withdrawal of funds from a specific account.

Debt - An obligation to repay money, goods or services in accordance with an agreement.

Demand Deposit Account (DDA) - Funds that are available to the customer at any time and which require no advance notice of withdrawal. A non-interest bearing checking account is the most common form of a DDA.

Demand Loan - A loan with no fixed maturity date, and payable at the discretion of the bank.

Deposit Cutoff - Time of day before which checks must be deposited at a bank in order to ensure that the funds are credited on the same day.

Depreciation - 1. An allowance deducted periodically from the price of a fixed asset to reflect the decrease in the serviceability of the asset. 2. A non-cash expense charged over a period of time to accumulate a balance sheet reserve and thereby reduce the asset value of fixed assets such as buildings, machinery and equipment.

Discount Rate - The rate of interest charged by the Federal Reserve on loans it makes to member banks. This rate has an influence on the rates banks charge their customers.

F

Earnings Credit Rate (ECR) - Rate used by a bank to determine the earnings allowance for a customer's demand deposit balances. Such allowances are used to offset bank fees. This rate is usually indexed to some market rate.

Electronic Funds Transfer System (EFTS) - The paperless transfer of funds.

Endorsement - Refers to the signature placed on the back of a check which transfers that check or note to another party.

Equity - The value of an asset that exceeds any claim or lien on it.

Escrow - The holding of funds, documents, securities, or other property by an impartial third party for two or more participants in a business transaction. The Release of the entrusted property is usually contingent on the occurrence of a certain event.

F

Federal Deposit Insurance Corporation (FDIC) - A federal agency established in 1933 that guarantees (within limits) funds on deposit in member banks and performs other functions, such as making loans to or buying assets from member banks to facilitate mergers or prevent failures.

Federal Reserve - The central monetary authority of the United States, created by the Federal Reserve Act of 1913. The Federal Reserve System is divided into 12 districts, each having its own reserve bank. Each of the 12 regional banks is owned by the member banks in its district.

Fed Funds - Reserves traded among banks, usually for overnight investment.

Fed Wire - A wire transmission service established by the Federal Reserve to facilitate the transfer of funds through debits and credits within the Fed system.

First In, First Out (FIFO) - A system of inventory valuation where items purchased earliest are considered to have been used first in the firm's operations. The result is that the cost of items purchased most recently is assigned to the inventory on the firm's financial statements.

Float - The processing period between the time a check is presented for payment and then delivered to the issuer's bank for payment. During this period, the issuer is still earning interest on his money and the payee is waiting for funds to be collected.

Foreign Exchange - The trading in or exchange of foreign currencies in relation to U.S. funds or other foreign currencies.

G

General Ledger (GL) - Consolidated summary books of account for a business entity. The GL provides the basis for all published statements of condition.

Guarantor - A third party who promises to repay a loan if the borrower does not.

Goodwill - An intangible asset that arises from considerations such as a company's strong reputation, favorable location and good customer relations.

H

Home Equity Line of Credit - Credit line offered by banks and brokerage firms that allows a homeowner access to the built-up equity in his or her home.

Hypothecation - The pledging of property as collateral for a loan. The bank is not given title to the property, but has the right to sell it in the event of default.

I

Idle Funds - Available funds in an account, in excess of the compensating balances requirement, that have not been invested or put to use.

Installment Loan - Loans that are repaid in fixed, periodic payments.

Income Statement - A summary of the revenues and expenses of a business entity for a specified period of time.

Inventory - The materials owned and held by a business. Inventory includes finished goods, new materials, intermediate products and parts, and work-in-progress, and is intended either for sale or for internal consumption.

Insolvency - The state of being unable to pay one's debt obligations when they become due.

J&K

Joint Account - Any investment, charge, bank account or other account that lists two or more persons who share equally in the rights and liabilities associated with the account.

K - A symbol representative of the cardinal number one thousand. The Roman numeral "M" is also used as a symbol for one thousand.

I

Lease Financing - A specialized area of equipment finance whereby the owner (bank/lessor) of a specific piece of equipment agrees to rent (lease) the equipment for a specific time period and agreed-upon rental amount to the user (lessee) of that equipment.

Loan - The rental of money.

Loan Agreement - A document that outlines the terms and conditions of a loan.

Letter of Credit (LOC) - An instrument issued by a bank to an individual or corporation by which the bank substitutes its own credit for that of the individual or corporation.

Lockbox - A service provided by the bank whereby the customer's mail, containing payments, bypasses corporate offices and is sent directly to the bank for deposit. This reduces the collection float. The bank supplies the customer with remittance advice, photocopies of the checks and other information.

Leverage - The use of debt to fund the ongoing operations of a business. Leverage can often enhance the return on the owner's equity.

London Interbank Offered Rate (LIBOR) - An international interbank rate, sometimes used as a pricing mechanism for commercial loans.

Liability - Claim on the assets of a company or individual, excluding ownership equity.

Line of Credit - A credit facility that enables a borrower to access and repay funds up to a specified limit.

M

Magnetic Ink Character Recognition (MICR) - The process by which the information magnetically encoded in the printed characters located on the bottom on checks is optically scanned and read by computer.

Mutual Funds - A fund operated by an investment company that raises money from shareholders and invests it in stocks, bonds, options, commodities or money market securities.

Money Market Account - A limited-transaction, interest-bearing corporate or personal account.

N&O

Negotiable Instrument - An unconditional order or promise to pay an amount of money, easily transferable from one person to another. Examples include checks, promissory notes or bills of exchange.

Negotiable Order of Withdrawal (NOW) Account - A bill payment plan in which a savings account withdrawal ticket becomes a negotiable instrument. In effect, the account becomes an interest-bearing checking account.

Net Worth - The excess of assets over liabilities.

Note - An instrument that outlines the repayment terms of a loan.

P

Personal Identification Number (PIN) - A code, usually four to seven digits long, that customers use to access their accounts at ATM locations and when conducting transactions by phone.

Point-of-Sale (POS) Card - A card used to achieve direct electronic transfer of funds between a customer's and a merchant's accounts via electronic terminals, communication and computer facilities. Also known as a debit card.

Power of Attorney - The legal contract by which one party is authorized to act on behalf of another.

Presentment - The actual delivery of a negotiable instrument by a holder to the drawee for payment or acceptance or to the maker for payment.

Not Sufficient Funds (NSF) - A term indicating that the amount of a requested withdrawal is greater than the amount of money currently in the account.

Optical Character Recognition (OCR) - A process whereby characters imprinted on documents can be read by machine and transferred directly to electronic media for transmission or delivery to a customer.

Overdraft - The result of drawing checks on a bank account for more than the balance of the account.

Prime Rate - The interest rate banks charge to their most creditworthy customers. Often referred to as the Base Lending Rate (BLR).

Profit - What's left after taxes.

Pro Formas - Financial statements prepared based on assumptions of future events that will affect the expected condition of a company.

Q

Qualified Plan or Trust - An employer's plan or trust that qualifies under the Internal Revenue Code of 1954 for the exclusive benefit of his or her employees or their beneficiaries. Usually used with retirement plans, a qualified plan or trust entitles the employer to deduct the payments made to the plan or trust for income tax purposes.

Quasi-Public Corporation - A corporation that is operated privately but that a public mandate and, sometimes, government backing. Examples in Massachusetts include the Community Development Finance Corporation (CDFC), Massachusetts Business Development Corporation (MBDC) and Massachusetts Technology Development Corporation (MTDC).

R

Receiver - An officer appointed by a court to receive the rents, issues, and profits of land or business. Also, the court-appointed trustee in a receivership.

Recourse - The liability of the endorser or maker to make payment of a negotiable instrument or loan.

Regulators - Banking is a highly regulated industry. Some of its regulators include the Federal Deposit Insurance Corporation (FDIC), Comptroller of the Currency (OCC) and the State Banking Commissioner.

Repurchase Agreement (REPO) - Security Participation and Repurchase Agreement backed by government or agency securities. The seller (bank) agrees to buy back from the buyer (bank customer) the securities at an agreed-upon price after a stated period of time. A REPO is not a deposit, is not insured, is not subject to reserve requirements, and interest earned is fully taxable.

Resolution - A document presented to a bank by a corporation, trust or partnership that defines the authority given to certain individuals and specifies who may conduct the banking business of the entity.

Returned Deposited Item - A negotiable instrument sent to another bank for collection and payment, and returned unpaid.

S

Signature Guarantee - Affirmation by a bank or New York Stock Exchange member that the signature on a document is genuine and valid.

Stop Payment - A depositor's instructions to the bank directing it to dishonor a specific check.

State Dated Check - An instrument bearing a date six months or more prior to its presentation.

T

Targeted Balance Account - An account in which a minimum required collected balance is intentionally maintained by liquidating short-term investments when balances are below target, and by purchasing investments when balances exceed the target.

Term Loan - Credit granted to a company to finance capital equipment, fixed assets or real estate with a repayment term of greater than one year.

Time Deposit - An account on which time limitations on withdrawal are required in order to receive a given return. Penalties for early withdrawal are usually applicable. An example of a time deposit is a Certificate of Deposit (CD).

Transit Routing Symbol (TRS) - The number on the face of a check which facilitates routing for collection of funds from the drawee bank by the Federal Reserve. The Transit Routing Symbol appears in the magnetically encoded line at the bottom of the check as well as in the fraction in the upper right-hand corner.

Treasury Tax and Loan Deposits (TT&L) - Federal tax deposits made into banks by businesses when withholding tax payments are due.

Unbundling - Trend in banking and other industries toward costing and pricing separately for services provided.

Uncollected Funds - The portion of a deposit balance not yet collected by the depository bank.

Unsecured Loan - An obligation not backed by specified assets.

US Treasury Bills (T-Bills) - Direct obligations of the U.S. Government. T-bills with three- and six-month maturities are sold weekly so that bills maturing each week up to six months are available in the secondary market. T-bills are sold at a discount, with the amount of the discount determining the investment return.

V & W

Variable Rate - A rate on a note than is adjusted up or down each time the base rate changes.

Wire Transfer - A transaction by which funds are moved electronically from one bank to another upon the customer's instructions. Generically refers to large-dollar, instantaneous electronic funds transfer.

Withdrawal - The removal of money or valuables from a bank or other place of deposit.

Working Capital - The difference between a firm's current assets and current liabilities. This is also the amount of money available for use in operating the business.

Workout - Remedial measures to improve nonperforming loans.

X, Y & Z

Zero Balance Account - A unique type of corporate checking account companies employ for disbursement control, where a daily closing balance of zero is maintained. At the close of each business day, a transfer of funds is made from a corporation's master account to cover the total amount of checks drawn on the ZBA which arrived for payment that day. This returns the account to a zero balance. ZBAs are typically used by corporations that wish central cash control while allowing decentralized disbursing operations.

Contacts

Allston-Brighton Community Development Corporation

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15 North Beacon Street
Allston MA 02134
617 787-0425

CBWL - Enterprise Center

Peg Ryan
21 McGrath Highway, Suite 305
Quincy MA 02169
617 847-3063

Asian Community Development Corporation

Bruce Pullybank
888 Washington Street, Suite 102
Boston MA 02111
617 482-2380

Community Development Corporation of Boston

John Francis
801 Albany Street
Boston MA 02119
617 442-2114

Boston Empowerment Center

Business Assistance Team
20 Hampden Street
Boston MA 02119
617 445-3413

Dorchester Bay Economic Development Corporation

Christo Banda
594 Columbia Road, Suite #302
Dorchester MA 02125
617 825-4200

Cambridge Business Development Center

Diane Franklin
675 Massachusetts Avenue, 3rd Floor
Cambridge MA 02139
617 349-4690

Fenway Community Development Corporation

Tracy Holman
73 Hemenway Street
Boston MA 02115
617 267-4637

Cambridge Economic Development Division

Elaine Madden
57 Inman Street
Cambridge MA 02139
617 349-4618

Jamaica Plain Neighborhood Development Corporation

Kit Perkins
31 Germania Street
Jamaica Plain MA 02130
617 522-2424

Jewish Vocational Service

Mary Browne or Michael Torrens
Boston Empowerment Center
20 Hampden Street
Boston MA 02119
617 445-3413
or 105 Chauncy Street
Boston MA 02111
617 451-8147

Massachusetts Business Development Corporation

Stacey Parks Townsend
50 Milk Street
Boston MA 02109
617 350-8877

Massachusetts Office of Business Development

Gordon Carr
Boston Regional Office
One Ashburton Place, Room 2101
Boston MA 02108
617 727-3206 or 1-800-5-CAPITAL

Massachusetts Small Business Development Center

Henry Turner
UMass/Boston
100 Morrissey Boulevard
Boston MA 02125
617 287-7750

Neighborhood of Affordable Housing/East Boston

John Sepulveda
22 Paris Street
East Boston MA 02128
617 569-0059

Newton Department of Planning and Development

Carol Bock, Mark Johnson, Linda Walden
1000 Commonwealth Avenue
Newton MA 02159
617 552-7135

Nuestra Comunidad Neighborhood Business Development Center

Manuel Martinez
391 Dudley Street
Roxbury MA 02119
617 989-1205

Quincy 2000 Corporation

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Quincy MA 02169
617 847-1454

Small Business Administration

Anne Rice
10 Causeway Street
Boston MA 02222
617 565-5577

Somerville Office of Housing and Community Development

James Chaput
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Somerville MA 02143
617 625-6600

South Boston Neighborhood Development Corporation

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South Boston MA 02127
617 268-9610

Viet-AID

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Working Capital

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Massachusetts Community & Banking Council Small Business Committee

Karen Clark, Co-Chair, USTrust
Walter Little, Co-Chair, Grove Hall Board of Trade

Nader Acevedo, Fleet Bank
Harry Aue, Wainwright Bank
Milton Benjamin, Jr., Community Development Finance Corp.
Carla Bennett, Boston Chamber of Neighborhood Commerce
Mary Browne, Jewish Vocational Service
Maik Cavallo, Jewish Vocational Service
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