

Microenterprise Loan Program

Town of Gouverneur, New York

The Town of Gouverneur was awarded \$400,00 in Small Cities Community Development Block Grant funding in 2005 to expand its Microenterprise Loan Program, which provides low interest loan financing and technical assistance to help people start or expand a small business. A microenterprise is defined as a business with five or fewer employees, including the owner.

The loans can be used to finance the purchase of real estate or machinery and equipment, to pay for building construction or improvements, and to cover inventory or working capital expenses. To be considered for a loan, applicants are required to submit a formal business plan for how the proposed enterprise will run and how the loan will be used. The Gouverneur Area Development Corporation (GADC), a non-profit local development corporation, reviews the plan and works with each business owner to prepare feasible loan applications for Town Board approval.

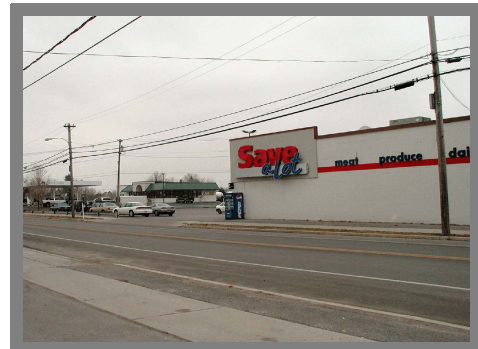
Program Highlights

- The objective of the program is to provide opportunities for small business creation and growth.
- Loan financing ranges from \$3,000 to \$50,000 depending on specific project needs.
- Formal business plans are required.
- The Town requires the creation of one new job for every \$15,000 of loan financing.
- The loan will generally be limited to not more than 40% of the project cost.

Save-A-Lot Project:

This project involved renovation of a grocery store that had closed in October 2003. The new owner leased the building and opened a new store under the Save-A-Lot chain. This is his fourth store under that corporate banner. He has a proven track record with many years experience running this type of business.

The microenterprise loan was used to purchase all new supplies and equipment to get the store running. Five full-time positions were created and a total of twelve positions are projected as the business becomes re-established within the community.



Financing

Bank Financing	\$ 310,000
Microenterprise Loan	\$ 50,000
Owner Equity	\$ 50,000
Total Project Cost	\$ 410,000

AVALON ASSOCIATES prepared the CDBG funding application and monitors grant activities to ensure compliance with all federal and state regulatory requirements.