

# DLR LEO - MFI INFORMATION AS AT APRIL 2020

## THIS IS AN INFORMATION NOTE ONLY, TO BE SENT TO PARTIES INTEREST IN APPLYING TO MFI

In relation to the new 'COVID-19' / Other Loans with Microfinance Ireland loan via DLR LEO, please see below details of the steps involved.

DLR Local Enterprise Office (LEO) acts as a partner organisation to MFI, and can help you to put together your application for loan funding. You can also apply directly to MFI, but the two advantages of DLR LEO sending in your application to MFI are:

- 1) If MFI approve the loan you get a 1% reduction on the interest rate if you have gone through DLR LEO
- 2) You receive FREE guidance and help with your application, from a Mentor if you need it, but always oversight from LEO staff.

Below you will find the 4 steps to making an application. **Please scroll to the end of this email to read all of this important information.**

**Step 1.** The main information resource for the new Microfinance Ireland COVID-19 Loan is their website [www.microfinanceireland.ie/loan-packages/covid19/](http://www.microfinanceireland.ie/loan-packages/covid19/).

**IT IS STRONGLY RECOMMENDED THAT YOU REVIEW THE MFI WEBSITE BEFORE APPLYING.**  
([www.microfinanceireland.ie](http://www.microfinanceireland.ie))

Next thing you should do is go to this page of the website, download ALL of the forms and read ALL of the sections.

- In general, MFI provide unsecured business loans, from as little as €2,000 to a maximum of €25,000, for commercially viable proposals.
- A new MFI 'COVID-19' Loan differs in that the amount you can apply for range from €5K - €50K. This maximum amount (€50K) is twice what you can normally borrow from MFI, but it only applies if you are normally eligible (see MFI website AND if you self-declare a 15% exposure to your business as a result of COVI-19, AND can't get the money elsewhere).
- If you don't fulfil the eligibility criteria for the COVID-19 Loan, you can only apply for a max of €25K. (If you were previously approved a loan from MFI, and you are COVID-19 affected, you may now apply for the balance, up to €50K).
- Loans may be used to fund the start-up of a business, or the expansion of a business, through the purchase of stock, equipment, machinery and business vehicles.
- An advantage of processing your application through a Local Enterprise Office is the 1% reduction on the interest rate. If you apply through your LEO, the APR is 4.5% (normally 5.5% APR).
- Please note, there is also a useful Loan Calculator on the MFI website for you to estimate repayments, so that you can factor these into your financial projections.
- The typical repayment term for this COVI-19 Loan is 3 years (5 years for certain loan packages). The MFI website states that the first 6 months are interest and repayment free!!
- You can be a new start-up or an existing business; a sole trader, partnership or limited company. MFI also provide loans to people that are unemployed, and to young people starting a business.

**Step 2.** You will need to establish if you are eligible to apply to MFI for this COVID-19 Loan (if not, you might be eligible to apply to them for one of their standard loan packages). Most businesses are eligible to apply, but note the following:

**ELIGIBILITY:**

- Your business can be pre-start up *or* established, but it must have less than 10 ('full-time equivalent') employees, and annual turnover and/or a balance sheet total of less than €2m
- 15% of your actual or projected turnover or profit must be negatively affected by COVID-19 measures
- You are not in a position to avail of finance from Banks and/or other Lending Institutions.
- Applicants must be > 18 years of age
- There are also approx. 6 'excluded' sectors – see exclusions [www.microfinanceireland.ie/exclusions](http://www.microfinanceireland.ie/exclusions) .Check this list before proceeding.
- If you wish to apply through DLR LEO your business *must* be based in Dun Laoghaire-Rathdown. This means that the headquarters of your business must be based within the DLR County boundary (as opposed to where you live).
- If your business is not in DLR, you should contact whichever LEO is your local LEO for support (see [www.localenterprise.ie](http://www.localenterprise.ie) for a map of LEOs).
- If you are a pre-start up without a business location, you should contact the LEO in the County you wish to locate your business in.
- If you are uncertain about any of the eligibility criteria you should call MFI on 01 2601007 or DLR LEO on 01 - 2047083.

**Step 3.** Once you have established if you are eligible to apply to MFI, you should scroll down to the 'Application Documents' section of this webpage:

<http://microfinanceireland.ie/loan-packages/covid19/>

Please remember, this is repayable loan, with interest, and, if approved, you will be required to sign a formal loan agreement with MFI before drawdown of the loan.

**Step 4.** Download the full Loan Application Form (PDF). On the front page of the form you will see the 'Application Checklist', which shows you what you will need to make an application, i.e.:

1. Your Application Form fully completed and signed
2. Business Plan (you can use one you already have OR the MFI template on their website)
3. Financial Projections: - one-year Profit & Loss Statement and one-year Cashflow (on a month-by-month basis), please download and complete the template for this on the MFI website.
4. 6 months, up to date, account statements for all borrowings (photocopies of actual statements are fine, as are downloaded/scanned Statements from your online banking, but Transaction Histories are NOT acceptable – MFI will pause your application if they receive Transaction Histories and this will result in a delay).
5. In the case of limited companies, 6 months PERSONAL bank statements are needed for every >25% shareholder AND for every Director (check on Visionnet [www.vision-net.ie](http://www.vision-net.ie) or on [www.cro.ie](http://www.cro.ie) if you are not sure who is a Director and/or Shareholder of your company)

6. Where the borrower is a limited company, a personal credit report for ALL Directors and any Shareholders with a 25% or more shareholding in the business must be obtained by them from [www.centralcreditregister.ie](http://www.centralcreditregister.ie) and submitted with the application. (Free of charge to obtain).

Please note, as of 1/10/19 sole traders and partnerships DO NOT have to submit an ICB report with their application, as MFI are legally obliged to obtain it for them.

And, if your business is already established you will *also* need the following:

1. 6 months business bank account statements (or as many months as you have been trading for)
2. Most Recent Year End Financial accounts (obtainable from your Accountant)
3. Recent management accounts (to plug the gap between the date of the certified/audited accounts end and now)
4. Aged Debtors/Creditors & Stock listing (this final item is not always needed – if you have it available, include it; if not, don't worry)

You should start collecting the above documentation in a file, complete the COVID-19 Loan Application Form and begin drafting a Business Plan and Financial Projections in the templates provided by MFI on their website.

When you have progressed as far as you can with your Loan Application Form, Business Plan and Financial Projections, AND when you HAVE ALL OTHER DOCS AVAILABLE, PRINTED OFF AND STORED IN A FOLDER/SCANNED TO EMAIL, you should email Lisa Brown at LEODLR [lbrown@dlrcoco.ie](mailto:lbrown@dlrcoco.ie) to confirm a) that you have completed Steps 1 to 4 and b) outline if there are any areas you had difficulty completing. DLR LEO will assign a Mentor to help you complete your application/review completed application before submitting to MFI.

The appointment(s) with a Mentor are free of charge, and help get your application to the standard that MFI require. Generally, one meeting (due to COVID 19, this meeting will be a remote meeting) with a Mentor is sufficient, providing you have completed the steps below.

IN GENERAL, IF YOU HAVE DECIDED TO MAKE AN APPLICATION TO MFI, YOU ARE EXPECTED TO DO THE FOLLOWING BEFORE MEETING A MENTOR AT LEO DLR:

1. COMPLETE, SIGN AND SCAN THE APPLICATION FORM
2. ATTEMPT A BUSINESS PLAN (& FINANCIAL PROJECTIONS)
3. PHOTOCOPY YOUR BANK STATEMENTS (& obtain a Credit Report if applicable – see above)
4. CONSULT THE MFI WEBSITE FOR BASIC QUESTIONS

### **How soon are applications processed?**

- You will need to make contact with a LEO mentor to go through your application documents or refine your Business Plan and Financial Projections, which will give you the best chance of a successful loan application.
- When your application is ready, LEO DLR representative/Mentor must write a report to MFI, and the entire application and report is posted or emailed by DLR LEO to MFI in Dublin. In order to avail of the lower interest rate (6.8%) the application must be posted/emailed to MFI by the LEO (you are permitted to deal directly with MFI if you wish, but this will incur the higher interest rate of 7.8% should your application be approved).

- **Microfinance Ireland make the final decision on all applications. MFI contact applicants directly to inform them of the decision. An MFI Assessor might telephone you for further information once they receive your completed application. The average decision turnaround time from MFI receiving your full application is ten days.**
- **If approved, you will then have to submit a tax clearance certificate, a certified copy of your passport or driving licence and two utility bills to obtain the funds.**

**[DLR Local Enterprise Office](#)**

**GENERAL INFORMATION ON SOME OF THE DOCUMENTATION REQUIRED**

- 1. Return of the Loan Offer Letter duly signed by the Borrower.**
- 2. Completion and return of the Direct Debit Mandate enclosed with the Loan Offer Letter.**
- 3. Completion and return of the Drawdown Notice enclosed with the Loan Offer Letter.**
- 4. Provision of current Tax Clearance Certificate of the Borrower.**
- 5. Provision of recent (within six (6) months, up to current date) original business bank account statements.**
- 6. Certified copy passport/driving licence of the Borrower. (See details of certification on checklist provided with the Loan Offer Letter)**
- 7. Two (2) recent (within six (6) months) original documents are required for proof of current permanent address (e.g. utility bill, bank statement, tax free allowance certificate). (See details on checklist provided with the Loan Offer Letter)**

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