

Micro Loan Fund



Eau Claire, WI

Business. Life. Balance.

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Micro Loan Fund Guidelines

PROGRAM INTRODUCTION

The City of Eau Claire's Micro Loan Fund provides small loans to startup, newly established, or growing small businesses. This is defined as those that have been in business less than 3 years. The key objective is to assist business owners who have traditionally had difficulty accessing debt financing, by affording them another alternative to obtain credit.

FINANCE TERMS AND CONDITIONS

Loan Amounts

The minimum loan will be \$5,000 and the maximum will be \$30,000.

Interest Rate

The interest rate shall be a 4% fixed annual rate. The Finance Director will review the program's interest rate annually as compared to market conditions and recommend changes, if any, to the Loan Administration Board, who shall have the authority to adjust the rate accordingly.

Collateral

The City will record a lien against the collateral pledged for the loan. The collateral pledged must be sufficient to cover the value of the loan and be related to the business activities covered by the loan or other real property.

Unlimited business and personal guarantees will also be required of all owners with a 20% or greater ownership interest in the business.

Terms

The terms of the loan will vary depending on the collateral and uses of funds. Short terms will be encouraged. Typical loan terms are:

- 1) Ten (10) years for real estate purchase or renovation.
- 2) Three (3) to Ten (10) years for capital equipment, depending on life of the asset.
- 3) Three (3) to Five (5) years for working capital.

If it is determined by the Loan Administration Board that deferral of the principal payment for a period not to exceed one (1) year would likely lead to the success of the project, and that upon review of updated financial information filed by the borrower that loan collateral remains a viable and likely source of recovery in case of default, deferral may be allowed as approved by the Board.



Micro Loan Fund Guidelines

PROGRAM ELIGIBILITY

Eligible Borrowers

Any manufacturing, commercial, or service business, excluding restaurants, located in the City of Eau Claire that has been in business for three (3) years or less and demonstrates an ability to repay the loan. Targeted economic areas for the program include businesses located in Downtown Eau Claire and those supporting the creative economy.

Eligible Uses of Funds

Permanent working capital; inventory purchases and supplies; acquisition of equipment, machinery, furniture and fixtures; leasehold improvements; building renovation and rehabilitation; and real estate acquisition.

Ineligible Uses of Funds

Refinancing existing debt. However, upon Board approval, RLF borrowers may move the loan to a different financial institution if the City's lien position will not be compromised. Relocation of companies located outside the City of Eau Claire.

APPLICATION REQUIREMENTS

Prospective borrowers shall submit a completed application with the following supplemental information provided separately:

- 1) Financial statements of the business (current plus any prior years)
- 2) Personal financial statements for those with 20% or greater ownership interest
- 3) Business Plan (if startup). At a minimum this should include a brief business description and company history; a discussion of the business industry, sales, markets, and competition; and a summary of all Owners/Managers.



Micro Loan Fund Application

Date of Application: ___/___/___

COMPANY INFORMATION

Business Name: _____

Address: _____

Contact Person: _____ Title: _____

Email: _____ Phone: _____

Business Description: _____

Business Entity Type: _____

Is Business in Targeted Area? See Eligible Borrowers. If so, describe: _____

Names, addresses, titles, and percentage of ownership of all owners, officers, directors, and shareholders (10% or greater) of the company. Attach additional sheets if necessary.

Name	Title	Address	% Owned
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

PROJECT INFORMATION (Attach Additional Sheets if Necessary)

Project Address: _____

Owner of Property: _____ Contact Person: _____

Address: _____

Email: _____ Phone: _____

Current value of property \$ _____

Estimated value of property after project completion \$ _____

Nature of project or activity for which assistance is requested: _____

Specific improvements to be made (attach additional sheets if necessary): _____



Micro Loan Fund Application

PROJECT INFORMATION CONT.

Number of Existing Employees		Projected Job Creation				Total Created
Full Time	Part Time	Year One		Year Two		
		Full Time	Part Time	Full Time	Part Time	

Are the new positions created Benefit Eligible? If so, please enumerate: _____

How will the Company address the training needs for the retained and created positions? _____

What environmentally sustainable practices will this project implement? _____

LOAN INFORMATION

Applying for: Direct loan
 Participation loan with area lender: _____

Loan Officer: _____

Email: _____ Phone: _____

Amount of loan: _____ Terms of payback: _____

Collateral: _____

Anticipated sources and uses:

Source and Amount		Use and Amount	
Cash (owners injection)	\$ _____	Land	\$ _____
Loan (City of Eau Claire)	\$ _____	Building	\$ _____
Participating Lender	\$ _____	Capital Equipment	\$ _____
Other:		Working Capital	\$ _____
_____	\$ _____	Other:	
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
_____	\$ _____	_____	\$ _____
Total Project Cost:	\$ _____	Total Project Cost:	\$ _____



Micro Loan Fund Application

LOAN INFORMATION CONT.

Please provide the name and address of insurance company and amount of coverage for the following types of insurances:

Fire: _____

Hazard: _____

Business interruption: _____

Life: _____

Flood: _____

General Liability: _____

List below the names of any past or present City of Eau Claire employees or DECI Board members who are related by blood, marriage, adoption, or who have any present or past financial interest or association with applicant, or any of applicant's partners, officers, directors, stockholders, or business:

Name	Address	Relationship or Interest
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

APPLICATION CHECKLIST

Included with this application are the following supplements:

- Completed and signed application.
- Financial statements of the business (current plus any prior years). If startup, three years financial projections.
- Personal financial statements for those with 20% or greater ownership interest
- Business Plan (if startup). At a minimum this should include a brief business description and company history; a discussion of the business industry, sales, markets, and competition; and a summary of all Owners/Managers.



Micro Loan Fund Application

INFORMATION CERTIFICATION

I/we hereby certify that the information contained in this application and any supplements or attachments hereto is true, complete, and accurate. I/we realize that this document is just an application for a loan. A loan request shall not be considered approved until formal approval is made by the governing committee, board, or council.

Signature

Signature

Title

Title

Date

Date

CONTACTS

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