

CDFI Micro-Lending Program

To increase economic activity, we extend revolving credit lines and term loans to new and expanding financial entities to support micro-lending programs. These projects are generally for experienced non-profit lenders extending loans under \$25,000 to very small businesses.

Requirement for Community Needs Tracking

- Demonstrated need for job creation and substantial state or local government support is required.
- Periodic reporting is required.

Project/Borrower Characteristics

- Borrower must be financially stable, capable of financially supporting expanded operations and be experienced in, or have support for managing the origination and collection of a small business loan portfolio.

Other Conditions

- Borrower must be a legally organized entity.
- Borrower should demonstrate the financial resources and capacity to carry any projected short-term operating deficit.
- Projects in communities with substantial unemployment are highly desired.
- Business plan must demonstrate elevated market demand supporting loan demand, from existing market data or current market study. Projections must demonstrate significant living wage job creation.
- Debt coverage ratio must be adequate to service the debt being extended and any other existing and potential sources of financing.
- Underwriting based on borrower's historical and projected financial condition and operations; alternate cash flow sources; potential for equity appreciation; industry experience; and the potential for equity contributions from state or local grant sources. General community support, impact and the economic contribution of the project to the community will be considered in underwriting.

Loan Amounts

Minimum: \$25,000
Maximum: \$500,000

Rate Structure

Based on current market conditions and risk analysis

Maturity Terms

Advances under the revolving line of credit are extended to match the maturity of the underlying loan(s) being extended

Collateral

A blanket lien on all loans funded and a loan loss reserve commensurate with the organization's historical loan portfolio performance

Origination Fees

1 to 2% depending on transaction size and complexity

Late Payment Fees

5% to a maximum of \$250 after the 10th day

Prepayment Penalty

None

Guarantees

Parent organization, if applicable

