



McCook Economic Development Corporation: Microenterprise Lending Program Guidelines

General Guidelines

1. The purpose of the MEDC Microenterprise Lending Program is to encourage and support the transfer of Nebraska-based businesses, technology, and innovation in McCook and Red Willow County, Nebraska in order for area businesses to access capital and to create high-growth, high technology businesses and to enhance the creation of wealth and quality jobs. Eligible applicants must reside in or willing to relocate to McCook or Red Willow County.
2. The amount of funds available for any single project shall not exceed \$50,000. An applicant must provide participation and evidence of participation through private funding as distinguished from Federal, State, or local funding in the minimum amount of ten percent (10%) equity investment. The right is reserved to negotiate the terms and conditions of the loan with each applicant, which terms and conditions may differ substantially from applicant to applicant.
3. The interest rate shall be fixed and negotiated on an individual basis; usually one-half of the lending rate for the project at a traditional banking source. The term shall not exceed ten (10) years for loans used for capital assets and seven (7) years for loans involving any other asset category. Security for loans will include, but will not be limited to, Promissory Notes, Mortgages or Deeds of Trust, and personal and/or corporate guarantees as appropriate and may be in a subordinate position to the primary lender.
4. If the loan is approved as performance based, a qualifying business may be approved to recapture a portion of the loan amount. The recaptured amount will be determined by the Program Administrator, based upon job creation or retention and economic impact on the project to the community.
5. A loan repayment schedule providing for monthly, quarterly, or annual payments will be approved in conjunction with project approval. Repayment will be held in the revolving loan fund for future projects when approved.
6. The Program Administrator is responsible for annual reporting, verifying job creation, retention and determining grant credits toward any loans made. No grant credits are available unless pre-approved in the initial application and project approval.
7. It is anticipated that the Program can be fully administrated by the Program Administrator. Administration costs for the loan fund will be defrayed by loan fees.

Eligible Applicants

The Microenterprise Lending Program revolving loan fund can provide loans or loan guarantees to any business eligible for assistance under program guidelines. While not meant to restrict the scope or flexibility of the fund, evaluation of applications should give special priority to businesses which meet one or more of the following criteria:

1. Startup or expanding businesses based in or locating to Nebraska with credit needs of \$50,000 or less, which is subject to credit worthiness and/or upon loan committee's determination.
2. Applications which provide for the expansion or enhancement of existing businesses in McCook or its surroundings.
3. Businesses that will create high-growth, high technology that will enhance the creation of wealth and quality jobs.
4. Businesses that in the opinion of the loan committee have potential for high-growth, high technology businesses and to enhance the creation of wealth and quality jobs.
5. Businesses that are relocating from outside Nebraska to McCook, Nebraska or Red Willow County.
6. Businesses that provide for important local or regional needs.
7. Businesses that bring revenue into McCook from outside Nebraska.

Application Requirements

1. Complete an application that may be obtained from the office of the McCook Economic Development Corporation, 402 Norris Ave. Suite 301, McCook, NE 69001, or downloaded from the website.
2. Submit the completed application together with all information as set out below to the office of the McCook Economic Development Corporation. The application will then be reviewed by the Program Administrator and the loan committee, and upon completion of the review the committee will make a final decision on the project.
3. The Program Administrator will notify any applicant of the decision of the committee.
4. Applicants are required to pay \$150 Origination Fee and all closing costs. The closing costs, can either be paid at the document signing or subtracted from the loan proceeds.

8.4 Information Required

The qualifying business shall provide the following information before the Program Administrator and the Loan Committee considers any application:

1. Submit a MEDC Micro-enterprise Loan Program application.
2. Business plan.
3. Two years complete individual federal tax returns, if over 25% ownership (signed).

4. Two years complete corporate tax returns (signed).
5. Current year to date profit and loss statement (signed if applicable).
6. Recent balance sheet (signed if applicable).
7. Articles of Incorporation, By-Laws, and Minutes of last meeting.
8. Corporate Resolution authorizing loan application and execution of required documents.
9. Credit Bureau Report (CBR) for Shareholders with over 25% ownership.
10. Other information as requested by the Program Administrator, Loan Committee or board.

Required Timeline to Meet Goals

A business receiving a loan shall have 18 months from the date of loan approval to meet the employment and/or expansion goals as indicated in the program guidelines, if determined by the the loan committee/board of directors.

Loan Default

The Loan Fund Administrator will be responsible for contacting the borrower if a payment is in default. If a payment is more than 30 days in default, a letter will be sent by the Loan Fund Administrator to the borrower and/or the primary lender requesting immediate payment. If payment is not made within 10 days of the letter, a committee composed of the City Attorney, City Clerk, City Manager, Program Administrator, Loan Fund Administrator, and the President of the MEDC will meet to determine appropriate action.