



## **Lauderhill Micro Loan Program**

### **Program Purpose**

The Lauderhill Micro Loan Program's primary goal is to provide loans for the establishment, stabilization and expansion of small businesses licensed or to be licensed and located in Lauderhill, Florida.

The intent of this program is to assist business owners and other individuals possessing the capability to operate successful business concerns and to assist microenterprises suffering from a lack of credit due to economic circumstances.

### **Eligible Activities**

1. Working capital to include inventory, receivables and operating capital.
2. Equipment and machinery purchases and installation costs.
3. Furniture and fixtures purchases.
4. Loan payments may be deferred for periods of 3, 6 and 12 months depending on the projected use of funds.
5. Collateral will be required for all loans and may include personal guarantees, co-signers, equipment security liens, life insurance pledges, real estate loans and vehicle assignments. Subordinated debt consideration will be considered. Outside collateral will be permitted to overcome most perceived deficiencies.
6. Borrowers will be expected to invest a dollar-for-dollar match (or 50% equity or loan contribution) cash equity as part of their project financing.

### **Program Guidelines**

1. Funds shall be allocated on a first come first served basis. Only one micro loan shall be awarded per business.
2. All micro loan funds awarded require a matching dollar for dollar expenditure by the business owner. Each new business is eligible to receive a micro loan up to \$2,500 for working capital, equipment/machinery purchases and furniture and fixture purchases.
3. The loans are interest free and forgivable if the business stays in Lauderhill for 3 years.
4. Loan terms will range between twelve months and three (3) years.
5. Loan payments may be deferred for periods of 3, 6 and 12 months depending on the projected use of funds.



6. Collateral will be required for all loans and may include personal guarantees, cosigners, equipment security liens, life insurance pledges, real estate loans and vehicle assignments. Subordinated debt consideration will also be considered. Outside collateral will be permitted to overcome most perceived deficiencies.
7. Borrowers will be expected to invest a dollar-for-dollar match (or 50% equity or loan contribution) cash equity as part of their project financing. Lenders would have to demonstrate that the micro loan would be used for “gap” financing and the business cannot get the funds elsewhere.

### **Credit Requirements**

1. All loan applicants must be of good character and provide authorization for the City of Lauderhill to secure a credit report and verify all financial information provided.
2. All loan applicants must possess a favorable credit history with no outstanding judgments, collections or seriously delinquent accounts. Previous bankruptcies will be a consideration for loan approval provided three years have passed and verifiable new accounts have been established.
3. All loan applicants must demonstrate sufficient management or industry expertise and commitment for a sound successful operation.

### **Loan Conditions and Requirements**

1. All existing applicants must demonstrate sufficient available capital so that with the micro loan, the business can operate on a stable financial basis and show that probable future earnings will be sufficient to meet the loan repayment terms.
2. All new business loan applicants must evidence availability of sufficient resources to meet start-up expenses and initial operating costs in addition to showing future earnings sufficient to meet monthly micro loan payments.
3. The project must meet the overall goals of the program.
4. The business currently must employ no more than five (5) full-time or equivalent individuals having full or part-time positions.
5. Borrower must agree to periodic on site visits and monitoring of records by City of Lauderhill staff and/or representatives.
6. The borrower must agree to submit required monthly, quarterly and annual financial reports, employment reports, tax withholding reports, and employee income certification reports as requested, as well as personal and business tax returns and personal financial statements.
7. The borrower must agree to participate in business training/technical assistance.
8. The loan must comply with all other terms and conditions of the loan approval and must be consistent with the approved sources and uses of funds.

### **Application and Borrower Information**



Applications will be made to the City of Lauderhill Loan Review Committee for eligibility screening and processing. The application should include:

1. Completed application form, including Public Information Disclosure and Credit Disclosure Authorization.
2. Marketing and business plans, if available.
3. The applicant's personal and business financial statements for the last two years, or if business has operated for less than a year, most recent financial statement, and checking account statements for the last six months.
4. Resumes of owners and top management team identifying management expertise and capabilities.
5. Two-year projected pro-forma balance sheets, income and cash flow statements if available.
6. Supporting information to substantiate the need for funds, including but not limited to: estimates, quotations, receipts, contracts, orders, invoices, payables, etc.
7. Copies of last four quarterly withholding tax reports filed and business/personal income taxes filed for previous 2 years.

Upon receipt of the application by the City of Lauderhill, it will be reviewed for further processing. Referrals for subsequent technical assistance will also be made. Should the application satisfactorily meet program guidelines, loan packaging will commence. Completed loan packages will be submitted for review to the Loan Review Committee. The City of Lauderhill Finance Department will then close and service the loan.

### **Relocation**

It is not the intent of the Community Redevelopment Agency to engage in any relocation

### **Nondiscrimination**

The Micro-Loan Program shall be available to anyone meeting the eligibility requirements, and no one shall be denied the benefits of said program because of race, color, national origin, or sex.