

MEETING

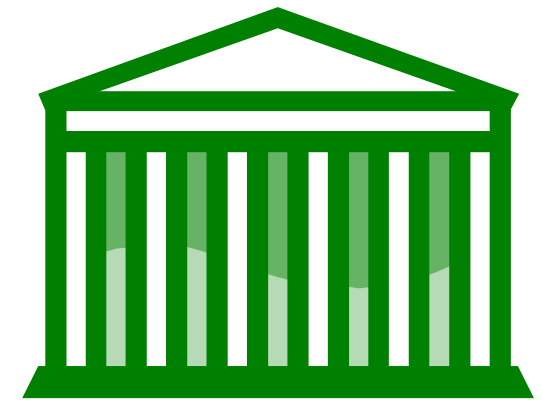
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NATIONAL OBJECTIVE

Because the Micro-Loan program uses CDBG funds, the national objective of benefiting low-moderate-income (LMI) persons must be met. The test of meeting the national objective is based on whether the person is LMI at the time the assistance is provided, and is not to consider the income expected to be derived from the newly created job. Fifty-one percent of the new jobs created by the Micro-Loan program must be to LMI persons. An income verification from the previous 12 months will be required. Applicants should see the loan administrator to find out the LMI guidelines.

**FOR MORE INFORMATION
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**SHERMAN COUNTY
MICRO-LOAN
LOCAL REVOLVING
LOAN FUND**



**Program Guidelines
and
General Information**

PURPOSE

The purpose of the Micro-loan is to stimulate self employment activities for small businesses in areas served by the Small Cities Community development Block Grant Program (CDBG).

APPLICATION

REQUIREMENTS

The maximum loan size for recipients is \$15,000. A minimum of \$3,000 will be loaned. A recipient will be commonly defined as a for-profit entity with five or fewer employees, one or more of whom owns the business. Individual loans will bear an interest rate of 5%.

A moratorium on principal payments is available up to 18 months. No moratorium on interest payments will be allowed. CDBG funds may not be used for bail-outs or financial restructuring. The county may use the maximum loan size as a loan guarantee to a local lending institute.

The program is based on the creation and retention of jobs. One to five jobs must be created by the new business. For the purposes of being considered a created job, a job must be a new job (full or part-time) for the person or the CDBG assistance must enable an existing income producing "sideline" activity to become the person's principal occupation. In the case where the only role to be played by the person owning the business is that of "investor/owner," such a role should not be considered a newly created job.

Micro-Loan funds may be used to provide infrastructure, business financing, or a third party loan guarantee for a new business locating in, or an existing business expanding in a community. applications may combine business finance, infrastructure, and third party loan guarantee. Applicants will need to provide a business plan, personal financial statement, and have some collateral when applying for the loan.

TERMS OF LOAN

The term of the loan varies with the type of assets being financed:

- * Working capital.
One-Five Years.
- * Machinery and equipment.
One-Ten Years.
- * Land and building.
One-Fifteen years.