

# Early Venture Microloan Program

The Early Venture Microloan Program is a pilot-program administered by Greater Fargo Moorhead Economic Development Corporation (GFMEDC). The program is designed to address financing challenges of early-stage primary sector entrepreneurs in Cass County, to ideally help startups progress to their next stages of revenue and access to other funding sources.

## **LOAN AMOUNTS & TERMS**

Applications approved by GFMEDC's Growth Initiative Fund will provide financing from \$2,000-\$20,000. Loan terms may vary between 1-5 years, with up to one-year of principal payment deferral. Interest rate of 5-7%. Business contribution must equal at least 10% of loan amount. *The program typically will not require collateral but requires personal guarantees and will run credit/background reports on guarantors.*

## **APPLICANT QUALIFICATIONS**

To be eligible for the program, an applicant must be determined to be a Primary Sector or on the path to Primary Sector or a Targeted Sector company identified by GFMEDC. A "primary sector business" means a business which adds value to a product, process or service that results in the creation of new wealth into the region and/or state; and a majority of the business' intended revenue stream is to be derived from outside of the region and/or state. The business shall be located and operate within Cass County, North Dakota. Expenditures from this project must relate to the local business location.

Requirements of an eligible application include up-to-date financial projections; demonstrated plan of projected revenue streams and that the majority of future revenue will come from outside Fargo Moorhead; detailed Sources & Uses of project. Preferred qualifications for a stronger application include demonstrated market traction; strong team; business plan; marketing plan; properly registered/licensed; less than 5 years old; less than 10 employees; primary sector certified (or on path to); Innovate ND involvement; SBDC-assisted.

## **ELIGIBLE USES**

This program is intended for startup companies and to be utilized for expenses such as new product proof of concept, equipment, training to scale new product, marketing initiatives, and other startup working capital needs that may be deemed appropriate by GFMEDC.

Ineligible uses include business plans; strategic plans; feasibility studies; maintenance; owner-payroll/payments; rent/leases; bank/investor debt service; bank debt refinancing.

## **PROCESS**

Applications are received by GFMEDC and reviewed for eligibility and thoroughness. GFMEDC works with applicants to collect a credit report and further input to evaluate the project compared to preferred requirements, and create loan presentation materials. GFMEDC presents the materials and loan recommendations to the GIF Board for final action. If approved, GFMEDC will then create the loan documents and work with the applicant on the funding process.

There is not a fee for this application process, however, a fee of 1% will be charged if the application is approved and the applicant takes part in the funding.

For more information, please contact John Machacek at [jmachacek@gfmedc.com](mailto:jmachacek@gfmedc.com) or 701-364-1921.

