

# Early Venture Microloan Program

The Early Venture Microloan Program is a loan 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 up to \$50,000. Loan terms may vary between 1-5 years, with up to one-year of principal payment deferral. Typical interest rate of 6-9%. Business contribution must equal at least 10% of loan amount. *The program does 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. Repayment in full will be required if the borrower's primary business location move out of the region.

An ideal applicant will have been working with GFMEDC to build a rapport and project understanding; have early revenue traction with current or near-future growth opportunities, of which this microloan will help attain, as well as this microloan may help the applicant obtain future funding from other sources.

Requirements of an eligible application include a thorough description of the product/service and plans; up-to-date SBDC-assisted 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.

## ELIGIBLE USES

This program is intended for startup companies and to be utilized for expenses such as product development, 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. GFMEDC presents information and loan recommendation to the GIF Board for final action. If approved, GFMEDC will create loan documents and work with the applicant on the funding process.

A 1% loan fee will be charged if the application is approved and the applicant takes part in the funding.

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