



SAGINAW
ECONOMIC DEVELOPMENT CORPORATION

MICRO LENDING PROGRAM

What is an SEDC Micro Loan?

An SEDC Micro Loan is defined as a very small, short term loan with a low interest rate, extended to small businesses owners, new startups with very little capital requirements, or small businesses with only a few employees. Our micro lending program is a great solution for funding impoverished borrowers in underdeveloped communities who may not be approved for traditional lending through a bank.

The small business owner **must have a credit score of at least five-hundred and twenty-five (525)**, have not declared bankruptcy in the last twelve (12) months, have all bills and taxes up-to-date, and be able to exhibit cash flow or the ability to make timely monthly payments once the loan is obtained.

Loan Amount Range:

We offer loans between \$5,000 and \$35,000 in financing with the average loan amount being around \$13,000.

Terms:

Loans can be paid back as soon as within twelve (12) months or as long as sixty (60) months (or five (5) years). *There are no pre-payment penalties.*

Who Can Apply?

Any business located in the City of Saginaw. The business **must** be commercially zoned. Please check with our Zoning Department's *Robert Gollin (989) 759-1308* to make sure your location is properly zoned for our program.

Benefits of an SEDC Micro Loan:

- ✓ Small loan amounts available
- ✓ GAP financing not required
- ✓ Build your business credit report
- ✓ Low and reasonable interest rates
- ✓ Treasury Rate plus 3%

Uses of the Loan Dollars:

- ✓ Equipment
- ✓ Inventory
- ✓ Commercial Real Estate Acquisition
- ✓ Installation / Renovation Costs (subject to approval)

Application Fee:

There is a non-refundable application fee of \$150.00. This fee must accompany your application. Payment can be made by way of money order, cashier's check, personal check or cash in the Treasury Department. *Make checks payable to: Treasurer, City of Saginaw.*

Underwriting Policies:

- ✓ Applicant must submit a business plan with cash flow projections
- ✓ Minimum of 10% equity must be verified
- ✓ All Officer's debt will be subordinated to SEDC
- ✓ All persons involved are required to personally guarantee the loan

- ✓ *Applicants must create one Low-Moderate Income Job per \$35,000 borrowed.*
- ✓ *Maximum maturity for Micro Loans is five (5) years.*
- ✓ *NO WORKING CAPITAL CAN BE FUNDED THROUGH THE SEDC MICRO LOAN PROGRAM*
- ✓ *If applicant has outstanding loans with SEDC, there is a twenty-four (24) month time frame from date of last loan closing date.*
- ✓ *All loans must be current before advancing new funds. The client must also have a good track record of timely payments.*
- ✓ *All projects involving new construction, rehab, installation or renovations using Block Grant funds must comply with Davis Bacon Act regulations.*
- ✓ *Any applicant being denied must wait at least six (6) months before reapplying.*