



## City of Iowa City – MicroLoan Fund

### Mission Statement

To provide entrepreneurs, with incomes at or below 80% of our Area Median Income (AMI) as defined below, with limited capital to assist them in microenterprise start-ups and expansions and, by doing so, to improve the quality of their lives.

Household Size	Maximum Income
1	\$55,850
2	\$63,800
3	\$71,800
4	\$79,750

### Purpose

The purpose of the MicroLoan Fund Program (the “Program”) is to provide low and moderate income entrepreneurs with access to sufficient economic and social opportunities to improve their standards of living.

Applicants for a loan may or may not have been turned down for financing by a private financial institution. This Fund is not intended to primarily serve individuals with better than average credit scores. Less than average credit scores will not be a deterrent to loan consideration and approval if evidence is provided that indicates the reasons for a negative report have been corrected. A prior bankruptcy is not sufficient reason for loan denial.

The Program is not intended to re-finance existing debt, even where such refinance might be beneficial to the borrower. The Program is intended to support entrepreneurial initiatives aimed at improving the borrower’s financial self-sufficiency by providing microenterprise financing at a reasonable rate and with affordable monthly payments.

Technical assistance referrals will be made to appropriate sources based on the needs of the applicant.

### Loan Application Criteria

Applicants are to be evaluated by four specific standards: Character, Capacity, Commitment and Capital.

1. Character 40% - Applicant must demonstrate a responsible payment history. Evidence of service to others and the absence of destructive personal behaviors and/or addictions will also be reviewed. Loan requests will not be considered if the applicant has defaulted on a City, State or Federal loan until that loan is repaid.
2. Capacity 30% - Applicant must demonstrate their ability to carry out their business strategy by committing to the completion of a thorough and well-reasoned business plan.
3. Commitment 20% - Applicant must demonstrate a commitment to repay their loan; and commit to helping other entrepreneurs associated with the Program in the development and conduct of their

proposed enterprises by sharing their personal experiences in starting and growing their business, upon request.

4. Capital 10% - It is not the intention of the Fund to secure its financing with either business or personal collateral; however, the dedication by the borrower of some type of measurable self-financing and/or equity must be demonstrated. Selected applicants must be responsible in their use of credit.

## **Terms**

Maximum initial loan amount will be \$10,000 with a fixed interest rate of 5%. The maximum term is 60 months with monthly payments. If the loan is less than \$2,000, maximum term is 12 months. A \$25.00 Servicing Fee will be charged for all loans at time of submission of the loan application; check or money order should be made payable to MidWestOne Bank. The initial loan payment may be deferred for no more than two months.

The City of Iowa City will approve the loan. MidWestOne will service the loan and provide collection services for payment delinquencies of 30 or more days.

## **Collateral**

Collateral will not be legally secured as a condition of Program financing. However, evidence must be provided to assure that funds are used for the intended and approved purposes. Copies of paid invoices, legitimate transaction receipts, Cashier's checks, or bank records of electronic payments will be required by the City of Iowa City.

## **Payment History**

To enhance future credit availability, MidWestOne Bank will provide payment history by request to other commercial lending institutions.

## **Qualifying Borrowers**

Borrower(s) businesses must be located in the corporate limits of Iowa City. If financing is approved for a home-based business, the home must be located in the corporate limits of Iowa City, Iowa.

## **Privacy**

When a loan is made, every effort will be made not to disclose any confidential loan information. All parties involved must sign a Confidentiality Agreement. However, applicants must be open to educational opportunities and volunteer assistance, if available, to enhance their future success, and these activities would involve the sharing of personal and business information.

## **Application**

See application online at [www.icgov.org/financialassistance](http://www.icgov.org/financialassistance).

Or contact staff at:

Neighborhood Services Division  
City of Iowa City  
410 East Washington Street  
Iowa City, Iowa 52240  
(319) 356-5230  
Neighborhoods@Iowa-City.org



# Business Loan Application

Date \_\_\_\_\_

PLEASE PROVIDE COMPLETE INFORMATION ON THIS APPLICATION. You may be asked to provide additional information as part of the application process. **A non-refundable loan service fee of \$25 is due on submission of application.** No cash please. Checks or money orders should be made payable to the servicing bank: MidWestOne Bank. If you have any questions, please call 319.356.5230.

## **Business Record**

Name of Business \_\_\_\_\_ Proprietorship  
Street Address \_\_\_\_\_ Corporation  
City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_ Partnership  
Business Phone No. \_\_\_\_\_ Other  
E-Mail \_\_\_\_\_ Web Site \_\_\_\_\_  
Business Checking Acct: Name of Bank \_\_\_\_\_ Acct. No. \_\_\_\_\_

## **Owners**

Name \_\_\_\_\_ Birth Date \_\_\_\_\_ Social Security # \_\_\_\_\_  
Home Address \_\_\_\_\_ City, State, Zip \_\_\_\_\_  
Phone (H) \_\_\_\_\_ (W) \_\_\_\_\_ (C) \_\_\_\_\_  
Name \_\_\_\_\_ Birth Date \_\_\_\_\_ Social Security # \_\_\_\_\_  
Home Address \_\_\_\_\_ City, State, Zip \_\_\_\_\_  
Phone (H) \_\_\_\_\_ (W) \_\_\_\_\_ (C) \_\_\_\_\_

(If there are more than two (2) owners, attach a separate sheet of information using the above as a guide.)

## **Business Information**

Type of Business:  Manufacturer  Wholesale Distribution  Service  Retailer  
 Other \_\_\_\_\_

Tax ID No. \_\_\_\_\_ Fed. ID. No. \_\_\_\_\_

Date your business was established \_\_\_\_\_ What  
type(s) of product(s)/service(s) do you sell? \_\_\_\_\_

Number of employees (current): Part Time \_\_\_\_\_ Full Time \_\_\_\_\_ Family Members \_\_\_\_\_

Do you currently:  Rent      OR       Own your place of business?

Banks, Loan Companies, Stores, Jobbers, and etc., from whom you are borrowing or have borrowed:

NAME	ADDRESS	PHONE #	BALANCE
1. _____			
2. _____			
3. _____			
4. _____			

**References**

Name	Relationship	Address	Phone	Email

**Other Information**

Is the applicant a U.S. Citizen?       Yes     No  
(If No, then include a copy of Alien Registration Card Form I 151 or I 551)

Alien Registration # \_\_\_\_\_

What was the applicant's household's gross annual income last year from all sources? \_\_\_\_\_

If you operated a business, what was your gross sales from last year? \$ \_\_\_\_\_

Do you have another source of income? If yes, what and amount \_\_\_\_\_

**If any of the following questions is answered "Yes," please attach an explanation.**

- Are there any outstanding judgments, garnishments or other legal proceedings against the business or the principals?  
 Yes     No
- Has the business or any principal ever been in receivership or adjudicated a bankruptcy?  Yes     No
- Is the business or any principal (a) presently under indictment, on parole or probation, or (b) have they ever been charged for any criminal offense other than a minor vehicle violation, or (c) convicted, released on pretrial diversion, or (d) placed on any form of probation including adjudication withheld pending probation for any criminal offense other than a minor vehicle violation?     Yes     No
- Has the business or any principal ever been denied a business-related license or had it suspended or revoked by any administrative, governmental or regulatory agency?  Yes     No
- Has the business or any principal ever had property foreclosed upon or made a settlement with creditors?  
 Yes     No
- Has the business recently been denied a bank loan?     Yes     No
- Does the applicant have ownership in any other business?     Yes     No
- Have you or any business you have had an ownership interest in ever defaulted on a city, state or federal grant or loan?  
 Yes     No

**Loan Request Information** \_\_\_\_\_

1. Amount of loan requested \_\_\_\_\_

2. Requested term of loan \_\_\_\_\_

3. Loan use:

Purchase of inventory

Purchase of equipment

Marketing expense

Purchase real estate

Pay expenses (eg. - phone, utilities)

Other \_\_\_\_\_

**Authorization to release information:** Applicant(s) hereby certify that all of the statements above and on any other documents provided to Iowa City's MicroLoan Program to consider extension of credit are true and complete as of the date given. Applicant(s) authorize the City to verify all of the information given, to obtain a credit report or any other verification of credit references, and to make such other investigations as the City deems appropriate. Applicant(s) agree to notify the City promptly of any adverse change in their financial condition.

\_\_\_\_\_  
Signature/Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature/Title

\_\_\_\_\_  
Date

**Submit complete application and attachments to:** \_\_\_\_\_

**MicroLoan Program**

Neighborhood Services Division

City of Iowa City

410 East Washington Street

Iowa City, Iowa 52240

Email: *Neighborhoods@Iowa-City.org*



## Application Attachments and Loan Closing Forms

### **Required Items - If any items do not apply, please enter "NA"**

- Completed Iowa City MicroLoan Application
- Business Summary/Plan (2-5 pages). Must provide a description of services/products offered, location, projected sales, targeted clientele, and ***budget***.
- Resumes of business owners
- Articles of Incorporation; legal documents, if available
- Copies of licenses and/or permits, if applicable
- Lease agreement, if applicable
- Debt schedule, if applicable
- Photographs/Sketches of proposed work, if applicable
- Bids or contracts for equipment or outside services, if to be financed
- Business Financial Statements. Provide your last three years of financial statements for your business in addition to any interim statements, if applicable
- Business Tax Returns. Provide your last three years of business tax returns, if applicable
- Personal Financial Statement. Provide a summary statement of all your personal assets, current loans and annual income.
- Personal Tax Returns. Provide your last three years of personal tax returns.
- Most recent paycheck stubs and any other income sources (ex: child support, alimony, public assistance, pensions, annuities, etc. if you wish to include them as sources of income.)
- Valid Driver's License, if required for your business
- \$25 application fee (non-refundable to MidWestOne Bank)

#### **Submit complete application and attachments to:**

MicroLoan Program  
Neighborhood Services Division  
City of Iowa City  
410 East Washington Street  
Iowa City, Iowa 52240

*For this application, a complete business plan is not mandatory; however for those businesses interested, please contact the City at 319.356.5230 for referral information.*