

Microcredit Product Sheet

Microcredit provides a line of credit for existing Pulaski County businesses or startups that cannot get credit elsewhere. Eligibility is restricted to borrowers with annual household income at or below 80% of area median income.

Eligibility

Borrowers interested in microcredit loans do not necessarily need:

- A current bank account
- Credit history
- Traditional collateral
- Personal guarantors

Borrowers must:

- Be a U.S. citizen or permanent resident alien at least 18 years of age
- Be a permanent resident of Pulaski County
- Qualify as a low-to-moderate income (LMI) household

Household Size	Maximum Annual Household Income
1	\$32,200
2	\$36,800
3	\$41,400
4	\$46,000
- Create or join a 5 member peer group and attend weekly group meetings
- Be the only immediate family member applying for membership in the same group

Loan Uses

Equipment and supplies related to an income generating business.

Borrower Characteristics

- Willingness to work on credit issues and change personal spending behaviors
- Industry related capacity and capability based on experience and education
- Character - the business personality to function comfortably in the marketplace

Other Conditions

- Open a personal savings account with a minimum initial \$10 deposit and make weekly deposits of a small, fixed amount determined by the group
- Work in peer group to clean up any bad credit prior to becoming loan eligible
- Agree to follow Micro Solutions' Tenants
- A contingency plan to repay the loan if projected sales are not achieved
- Monthly and/or quarterly financial and progress reporting required
- Employee surveys to verify low-moderate-income job creation
- Capital disbursed using third party payee system

Loan Amount:

Minimum: \$300
Maximum: \$3000

Interest Rates:

- Priced for risk, based on current market conditions
- Generally 12% - 15%

Terms

6 to 12 months

Collateral

Traditional not required. Non-traditional accepted (furniture, appliances, personal items)

Closing Costs

\$100

Late Payment Fees

5% up to a maximum of \$100 by the 10th day

Prepayment Penalty

None

Guarantees

Not required

