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Micro Loan Product Sheet

Micro loans provide business financing up to \$35,000 to new or existing businesses in Pulaski County. Businesses owned by or that create jobs for low-moderate-income individuals are of particular interest.

Eligibility

- Be a US citizen or permanent resident alien and 18 years of age.
- Plan to locate or already operate a business in Pulaski county.
- Be a micro enterprise (requiring less than \$35,000 in start up cost) or a small business (employing 10 or less people).
- Demonstrated ability to repay the interest and principle through a realistic business plan.
- Unable to obtain a loan from a traditional lender

Loan Uses

- Seed capital
- Working capital
- Purchase of inventory or equipment
- Expansion capital
- Building renovation (must own the building)
- Real estate (rental property ineligible)
- Business debt refinancing (special cases only)

Borrower Characteristics

- Financially stable and capable of fulfilling repayment terms
- Tangible assets which can be pledged as collateral against the loan
- Credit worthiness - a bad credit history is not a reason to deny the loan unless the borrower has not taken steps or is unwilling to repair credit
- Industry related capacity and capability based on experience and education
- Character - the business personality to function comfortably in the marketplace

Other Conditions

- Loan fund provides for 50% of the total financial package.
- Borrower must provide 10% equity and 40% from another source.
- Projects which create jobs for low-moderate-income earners are desired
- 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 Amounts

Minimum: \$3,000
Maximum: \$35,000

Interest Rates

- Priced for risk, based on current market conditions
- Generally range from Prime plus 1 to Prime minus 1
- 5% Floor

Terms

12 to 70 months

Collateral

1st or 2nd deed of trust and/or assets being financed; up to 100% loan to asset value

Closing Costs

\$100-\$550 depending on transaction size

Late Payment Fees

\$25 after the 10th day

Prepayment Penalty

None

Guarantees

Principals, partners, majority investors.

