



Business Loan Program

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Initiative Foundation (www.ifound.org)

Loan Amount	\$50,000 to \$250,000, (50% of the project must be bank or other financing).
Use of Funds	Operating capital; Fixed assets, land, and buildings; Construction or leasehold improvements; Acquisition, renovation, or installation of machinery and equipment; Limited refinancing when necessary to consolidate debt
Term of Loan	Construction and real estate: repayment term may not exceed 10 years (amortized up to 15 years). Machinery and equipment: repayment term may not exceed 5 years (amortized up to 7 years).
Rate of Interest	Negotiated
Down Payment (Equity)	Variable; some owner equity commitment necessary.
Typical Structure	50% maximum from Initiative Foundation and 50% from bank or other sources. Most projects selected have at least 70% bank or other financing.
How Long Does it Take	30-60 days
Collateral	Negotiated; collateral positions may be subordinate to other lenders.
Personal Guarantees	Required of principal owner(s).
Eligible Projects	Loans for land, buildings, equipment and working capital to support start-up businesses or business expansions located in or relocating to central Minnesota. Targeted industries include manufacturing and value-added agriculture.
Ineligible Projects	Refinancing existing debt, alcohol-related businesses, pornography, speculative ventures or gambling operations, conventional agriculture, absorbing risk or losses from weak or poorly managed companies.
Job Creation Criteria	Creation or retention of at least one job per \$25,000 financed, creation or retention of living wage jobs with broad employee benefits.
Incentives	“Gap” financing
Fees	1% origination fee, one-half of which is considered a non-refundable loan application fee. The borrower is also responsible for any legal fees associated with documenting and closing the loan.