

LABETTE COUNTY LOAN PROGRAM

The Micro-Loan program was developed to assist new or existing businesses in job creation or retention in Labette County. **Types of Business Finance could include land, building, machinery, equipment, inventory and working capital.** This program is a locally administered program originally funded by the Kansas Department of Commerce.

Eligibility

- Small For-profit business located in the Labette County.
- 5 or fewer full-time equivalent employees, counting owner.
- A business plan is required. Quality of plan is tied to the complexity of the project.
- All applicants must complete a financial management training course.
- Jobs must be created and/or retained by the project.

Projects Financed

- Financing is available for most business needs; however, restructuring of existing debt is not eligible.
- If the project involves construction, Davis-Bacon wage rates apply.
- Project can be coupled with other loan programs, as well as other lending sources.

Loan Amount

- Micro-loan up to \$25,000 from an internal revolving loan fund pool.
- Minimum loan amount of \$5,000.
- Pool of funds is limited.

Interest Rate/Fees

- Fixed interest rate of 3.5% below prime, Minimum 4.0%
- Miscellaneous fees incurred in the process of approval and closing (i.e. credit bureau inquiries, mortgage filings, U.C.C. searches and filings, appraisals, title work, etc.)

Repayment

- Principal and interest payment schedule based on the cash flow of the business and use of proceeds:
 - Land and Building, 15 years
 - Machinery and Equipment, 10 years
 - Inventory and Working Capital, 5 years
 - Combination, blended
- Principal payments may be deferred if projections do not show the ability to pay principal right away.
- There is no penalty for prepayment of loan.
- Business must remain in Labette County during the life of the loan.

Collateral

- Loans are secured by the best collateral position available and can be subordinated.
- Personal guarantees of the owner(s) of the business may be required.

For more information, contact Laura Moore, City of Parsons at 620.421.7030