

New Loan Pool Agreement between Area Banks and Funding Agencies to Benefit Existing Small Businesses and Start-ups

A new loan pool agreement has been made among First National of Nebraska Community Development Corporation, First National Bank of Omaha, Security National Bank, American National Bank and the Omaha Small Business Network. Those participants have agreed to fund \$125,000 to the existing loan pool created by the Omaha Small Business Network (MicroLoan Program Intermediary Lender) the Small Business Administration (SBA) and the Nebraska Investment Finance Authority (NIFA) resulting in a total loan pool of \$875,000.

The loan pool will be used for micro loans to fund start-up companies and fuel the growth of established small businesses that are unable to meet the criteria of traditional lending institutions in a target area east of 72nd Street to the Missouri River, north and south in Omaha. The Loan Review Committee will be comprised of one commercial lender from each of the participating national banks, in addition to an OSBN board member and other individuals with commercial lending experience, as deemed necessary.

The program is administered through the Omaha Small Business Network, 2505 N. 24th St., (402) 453-5336. Vicki Wilson-Tederman is the executive director, vwilson@osbnbtc.org.

The loan pool underwriting guidelines are on the next page.

LOAN POOL UNDERWRITING GUIDELINES

- Required to make short term (6 yrs max) fixed rate loans
- No Revolving Lines of Credit (LOC)
- Can loan \$20K max to a bankable entity
- Can loan \$35k max to non-bankable entity
- Multi-Party Financing:
 - \$35k (max) =total cost of project-borrower can borrow total
 - Over \$35K-borrower contributes cash OR
 - Over \$35k-leverage micro funds with private sector funds
 - 2:1-Private: Micro Loan Funds
 - Max loan package-\$105K-Private: \$70K-MicroLoan Funds: \$35k
 - Over \$105K-borrower contributes non-borrowed funds
- Fixed payment loans for:
 - Start up; Newly Established; Growing Small Business
- For Profit Businesses
- Non Profit Day Care-no other type of non profit
- Must follow interest rate limitations-SBA defined
 - Borrower Rate Structure: 6%
- For Profit Businesses
- Collateral shall be required as available
- OSBN: acting as Loan Program Servicer:
 - Processes applications (no SBA review)
 - Makes Credit Decisions (Loan Review Committee)
 - Closes Loans
 - Disburses Loan Funds
 - Services Loan
 - Must provide Technical Service