

Help for Small Businesses and Independent Contractors

Micro Business Program



The Lubbock Area Foundation Micro Business program offers help in securing loan amounts for new or existing businesses from \$500 to \$5000 with terms up to 36 months. The interest rate varies with the type and terms of the loan.

Purpose of the Micro Business Loan Program

The Micro Business Program provides business education, guidance and access to funding sources for independent contractors and those starting or expanding a small business. A small business is defined as a business venture having five (5) or fewer employees - including the business owner(s). The program exists to provide a source of funding for independent contractors and small business owners who have been unable to secure financing through more traditional means. It provides more flexibility in the areas of collateral, credit history, and length of business history.

Eligibility and Qualifications

1. The applicant's family income must not exceed the income guidelines below and applicant must be unable to secure a business loan on his/her own.

Number in Family:

1	2	3	4	5	6	7	8
\$29,600	\$33,850	\$38,050	\$42,300	\$45,700	\$49,050	\$52,450	\$55,850

2. The applicant must be a U.S. citizen or legal resident.
3. Applicant must provide a minimum of 2 years tax returns beginning with the most recent filing year as well as W-2 forms for those years.
4. A statement listing personal monthly income, expenses and cash flow is required as well as a projection of the monthly business income, expenses and cash flow for 15 months. Help is available for gathering this information.
5. Applicant must demonstrate the willingness and ability to repay the debt. Collateral may be required to be pledged as security, and the applicant must be willing to provide a personal guarantee for the loan. The credit files of the applicant may reflect an unsatisfactory record which the applicant may be required to explain fully.
6. The applicant must complete the Small Business Development Center's (SBDC) business development course prior to receiving any loan funds.
7. The proposed or existing business must be located within the following counties: Bailey, Cochran, Crosby, Dickens, Floyd, Garza, Hale, Hockley, Lamb, Lubbock, Lynn, Motley, Terry and Yoakum. The proposed business must demonstrate the potential for business success.

What is the Lubbock Area Foundation?

The Lubbock Area Foundation is a community foundation that was created by and for the people of Lubbock and the South Plains area. It is designed to save local philanthropists both time and money while also preserving charitable wealth and putting it to work in our community.

Donors establish funds for charitable purposes of their choosing. Because a community foundation represents the broadest range of interests, almost any cultural, civic, educational, or philanthropic purpose can be served.

Because the donor names the fund and designates its purpose, each fund is similar to a private foundation but within one large public charity. Grants are paid out of each fund on a regular basis for the charitable purpose(s) designated by the donor.

(CONTINUED ON REVERSE)



Lubbock Area Foundation: Micro Business Loan Program

Eligible Uses of Funds

- Building Improvements
- Working Capital
- Inventory
- Equipment
- Other Uses (as approved by the Lubbock Area Foundation)

Ineligible Uses of Funds

- Refinance of existing debt
- Loans for speculative purposes
- Use of loan as down payment for other loans
- Any business type that is restricted under the Small Business Administration Guidelines (i.e., nonprofit organizations, gambling establishments, religious organizations, pyramid sales plans, incarcerated applicants, on probation or parole)
- Other ineligibilities may apply

Application Procedure

1. Interested persons must complete the Micro Business Program Application, provide all information requested and return it to the Foundation office along with proof of citizenship/legal residency
2. The Foundation will review the form and refer those persons it believes most likely to fulfill the goals of the Micro Business Program to the Lubbock Housing Finance Corp (LHFC). Referral does not guarantee that the applicant will get a loan. Interested persons should contact LHFC at 745-9559 to schedule an appointment. The following documentation must be taken to the appointment:

Driver's license or other government issued identification	Social Security card
Most recent paystub (if applicable)	Most recent 2 years' tax returns and W-2s
Recent utility (or other) bill reflecting the person's current address	Financial projections for the business (if available)
3. Lubbock Housing Finance Corp. (LHFC) will:
 - Assist interested person in preparing a personal financial statement
 - Order credit report (negative credit will not necessarily preclude a person from loan approval)
 - Assist in documenting non-traditional credit, if necessary
 - Advise interested person of issues to consider before preparing financial business projections
 - Refer interested person to a Financial Projections Coach who will assist in preparing financial business projections, if help is needed.
4. Interested persons must register for and complete the Small Business Development Center Business Development course. Enroll by calling 745-1637.
5. When all required information is received by LHFC and the Financial Projections Coach and the Business Development course has been completed, the LAF micro business committee will evaluate the interested person 's information and refer those accepted into the program to a participating lender to apply for a loan through the lender's regular loan application process.
6. If the loan is not approved, the applicant will be notified by the lender directly. If it is approved, the lender will process and service the loan.

“This (micro-finance) is not charity. This is business: business with a social objective, which is to help people get out of poverty.”

The Lubbock Area Foundation Micro Business Loan Program is offered with the assistance of other strategic partners. For more information contact Kathy Stocco, Executive Director at:

Lubbock Area Foundation
1655 Main Street, Suite 202
Lubbock, TX 79401
806.762.8061



Muhammad Yunus
2006 Nobel Prize Winner



Lubbock Housing Finance Corp.
HIGH PLAINS COMMUNITY CAPITAL



Lubbock Area Foundation: Micro Business Loan Program Application

Date completed: _____

Name: _____

Address: _____

Telephone: (Work) _____ (Home) _____ (Cell) _____

Number of Persons in Household: _____

Employer: _____ How Long Employed: _____

Your gross monthly income from all sources : \$ _____

Spouse's gross monthly income from all sources (if applicable): \$ _____

Loan Amount to be Requested: \$ _____

Intended Use of the Loan: _____

Repayment Term Preferred: (Circle One) 12 months 18 months 24 months 36 months

Have you ever received a loan from the Lubbock Area Foundation (LAF) in the past?

(Please circle one) Yes No

Have you previously applied for this loan through a local bank or credit union?

(Please circle one) Yes No

If yes, what was the bank or credit union's response? _____

Will you attend FREE educational workshops that are required for this application? Yes No

Please tell us why you need the Lubbock Area Foundation to help you at this time: _____



Lubbock Area Foundation: Micro Business Loan Program Application

Information on the business for which you are applying for a micro loan:

Business Name _____

Date Established _____ Number of Employees: _____

Business Address/ City/ State/ Zip Code: _____

Describe your business and your experience in this field of work _____

Micro Business Loan Applicant's Agreement for the Benefit of Lubbock Area Foundation

I agree that:

1. Referral of my Loan Application to a lender for a loan is in the sole discretion of Lubbock area Foundation ("LAF"),
2. LAF reserves the right to modify or discontinue the Lubbock Area Foundation Micro Business program at any time,
3. LAF does not guarantee (i) that I will be approved for a Micro loan nor (ii) any particular rate of interest, or other loan terms,
4. Final approval of my Loan Application is up to the lender with which my Loan Application is filed,
5. I release LAF from all liability for all damages due to the timing of my receipt of loan proceeds or the rejection of my Loan Application,
6. I will indemnify and hold LAF and its agents, officers, employees and volunteers harmless from any liability for loss, damages, or claims related to or arising out of my Loan Application or my participation in the Micro Business program, and
7. LAF may share my information with the Small Business Development Corporation and potential lenders.

Applicant Signature

Date

Return signed form to:

Lubbock Area Foundation, Inc.
1655 Main Street #202
Lubbock, TX 79401

