



INITIATIVE FOUNDATION

GREEN BUSINESS LOAN FUND

Sprout companies that preserve and protect the environment.
Grow green-collar jobs that pay a living wage. Cultivate a renewable economy.
Introducing the Initiative Foundation's newest loan fund.

In partnership with the Northwest Area Foundation, the Initiative Foundation's Green Business Loan Fund targets businesses that meet triple-bottom-line investment criteria:

1. Poverty Reduction

- ◆ Provide quality employment opportunities in central Minnesota (living wages with benefits)

2. Environmental Sustainability

- ◆ Incorporate environmental responsibility in business operations and mission
- ◆ Capture an existing waste stream for productive & economic reuse
- ◆ Reduce energy demands or costs for residences or businesses
- ◆ Deliver a product or service related to environmental preservation, conservation, protection, mitigation or clean-up

3. Financial Viability

- ◆ Committed, experienced owners
- ◆ Clear, compelling, profitable business plan
- ◆ Partnership with local lender for primary financing

Eligible Projects

- ◆ For business start-up and expansion projects, foundation business financing programs meet the "gap" between conventional financing and owner equity
- ◆ Funds can be used to support fixed assets such as real estate and equipment as well as working capital and product development

Ineligible Projects

- ◆ Business ventures that do not demonstrate central Minnesota (14 counties) or statewide impact
- ◆ Conventional agriculture projects
- ◆ Speculative real estate development (not owner occupied)

Collateral & Creditworthiness

- ◆ Owner commitment (equity), credit worthiness and capacity for repayment must be demonstrated
- ◆ Personal guaranties from principal owners required
- ◆ Collateral requirements are flexible and typically include a subordinate position to the primary lender on business assets such as equipment, real estate and intellectual property

Investment Amount

\$50,000 - \$250,000

Terms & Fees

- ◆ Loans amortized up to seven years
- ◆ Interest rates range up to 9% based on a risk-impact analysis
- ◆ New business ventures may qualify for one-year deferred principal and/or interest
- ◆ The foundation charges a 1% origination fee, one-half of which is a non-refundable application fee
- ◆ Borrower is responsible for documentation and closing costs

How to Apply

Submit an inquiry online or contact our Economic Development team. Our staff reviews inquiries on an ongoing basis and invites full applications that meet eligibility criteria for the Green Business Loan Fund or one of four other funds.

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