



Nonprofit Loan Program

Loans for 501(c)(3) Business Ventures

As an integral part of our work to create a resilient nonprofit sector, the Initiative Foundation provides financing up to \$100,000 to eligible nonprofit organizations for the creation or expansion of mission-related earned-income/social enterprise activities. Loan proceeds may be used for working capital, equipment acquisition and/or facility improvements for earned-income/social enterprise activities, which are clearly defined in a written business plan.

Loans are available to eligible nonprofit organizations of different sizes and fields of service including, but not limited to: community development, human services, health care, housing, education, environmental, arts and humanities.

Eligibility

Any 501(c)(3) nonprofit organization in the Initiative Foundation's 14-county service area is eligible to apply. The focus of the program is to provide financing to nonprofit organizations creating or expanding mission-related social enterprise/earned income ventures.

PROGRAM LENDING GUIDELINES >

- **Initiative Foundation nonprofit loans:** Amounts up to \$100,000.
- **Financing terms:** The term/amortization, loan covenants, reporting and insurance requirements and other matters are determined on a case-by-case basis. Generally, the interest rate ranges from 2 to 4 percent, fixed.
- **Collateral and guarantees:** The collateral for a loan will generally consist of a security interest in all business assets or real estate of the borrower, and may be in a first or second position. Guarantees will generally not be required; however, the organization's board members may have a legal liability per state statute.
- **Origination fee:** The borrower will pay a one percent origination fee, plus other third-party expenses for documentation, recording, etc.
- **Application review:** Lending decisions generally are made within five to 10 business days from the date the Initiative Foundation receives the application and all supporting materials.



BORROWER RESPONSIBILITIES >

The borrower must cooperate with the Initiative Foundation as follows:

- **Information sharing:** Borrower agrees to provide financial and other information to the Foundation from which the Foundation can make a credit determination.
- **Employment reports:** Borrower agrees to complete an employment report at inception of the loan and annual employment surveys by Dec. 31 each year, for the term of the loan.
- **Financial reports:** Borrower agrees to comply with the Foundation's request for financial statements and/or progress reports time to time and at least annually, for the term of the loan.

For more information, contact:

Lynn Bushinger
CFO/Treasurer
(320) 632-9255 | lbushinger@ifound.org