



# Microloan Program

<b>Amount:</b>	\$1,000 - \$50,000
<b>Purpose:</b>	Microloans to businesses Los Angeles, Orange, Ventura, San Bernardino, and Inland Empire Counties
<b>Maturity:</b>	The stated maturity of each Microloan, shall be determined on a case-by-case basis, however, such maturity date shall not exceed five (5) years. No prepayment penalty.
<b>Fees:</b>	3 pts (with a maximum of \$750) plus all out-of-pocket costs
<b>Interest Rate:</b>	Borrowers shall pay VEDC interest rate of 10.5% per annum for loans under \$10,000 and 9.75% for loans over \$10,000, payable on a monthly basis in arrears.
<b>Funding Mechanism:</b>	Funds will be made available through controlled disbursements to vendors or, in the case of working capital, controlled amounts for payroll and operating expenses.
<b>Collateral:</b>	<p>The Collateral shall consist of the following:</p> <ol style="list-style-type: none"><li>1. UCC-1 filing on all business assets</li><li>2. Paid in full vehicles</li><li>3. Commercial or residential real estate</li><li>4. Machinery and Equipment</li></ol> <p>All loans will be secured by a UCC-1 security interest in all business assets. In addition, loans above \$5,000 will require additional collateral.</p>
<b>Underwriting, Servicing &amp; Collection:</b>	VEDC shall provide all services to the Microloan Program, with respect to (i) underwriting, (ii) documentation, (iii) servicing and (iv) collections.
<b>DSC Ratio:</b>	The borrower for each Microloan shall demonstrate ability to generate Net Operating Income, before taxes and debt service, at 1.2:1.00 of debt service for the aggregate of debt amount outstanding.
<b>Guarantee:</b>	Each Microloan should be guaranteed for on-going debt service and repayment by corporate and personal guaranty of the respective borrower(s).
<b>Reporting:</b>	On an annual basis, Borrower shall provide VEDC with financial statements and tax returns (business and personal).
<b>Collateral Insurance Requirements:</b>	The Collateral provided for each Microloan, consisting of real assets (inventory and equipment) should be insured in accordance with the VEDC's insurance requirements.

## Contact:

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