

Attachment 2

Summary of Changes in Proposed Microloan Amendment to the Existing Small Business Revolving Loan Fund

<u>Portfolio Standard or Regulatory Requirement</u>	<u>SBRLF</u>	<u>Proposed Amendment</u>
Loan Size	Minimum of \$10,000 Maximum of \$250,000	No minimum Maximum of \$25,000 but regular SBRLF can apply to loans over \$25,000
Interest Rate	Minimum of Wall Street Journal Prime Rate	75% of WSJ Prime Rate (currently 2.44%)
Loan Term (Working Capital Loans)	Up to 5 years with no guaranteed deferral of payments	Up to 5 years with all payments deferred for 9 months
Application Fees	Minimum of \$200 plus documentation fees of \$1,000 to \$2,000 plus and actual direct costs	Waive application \$250 document fee + closing costs
Loan Approval	CCRDC Loan Committee with County staff as LC member	CCRDC Chief Credit Officer CCRDC President CCRDC Loan Committee County participation on LC not required if it would delay approval of the loan

The proposed Microloan program will probably negatively impact the SBRLF's ability to achieve EDA's goal to leverage 2 dollars of private sector investment for every 1 dollar of SBRLF investment. This is because most businesses are not accessing the conventional lending programs, such as SBA, or owner investments that usually constitute leverage.