Arkansas Baptist College (ABC) Entrepreneurship Fund
Policies and Procedures

Background
The ABC Entrepreneurship Fund was established as a revolving micro-loan fund specifically to support the start and growth of small businesses owned by current and former students of Arkansas Baptist College (ABC) by providing loans that revolve and are reloaned.

ABC anticipates a minimum of 3 rounds of funding each year. To meet that goal and respond to the demand, all loan payments and interest will be revolved meaning they will be available for future entrepreneurs. ABC will not require collateral but will require a personal guarantee by the borrower and regular reporting. Additionally, ABC will provide access to a range of resources included, but not limited to, mentors, technical assistance providers and training opportunities.

Goal
The goal of the ABC Entrepreneurship Fund is to support opportunities for current and former ABC Business students, especially those interested in starting their own business.

Eligible Businesses
Startup or existing businesses owned by current or former students of ABC.

Loan Amounts
Up to $5,000.

Borrowers who perform as agreed may apply for additional loans to support business growth. The maximum amount outstanding at any one time cannot exceed $5,000.

Terms
Loan term will be up to 3 1/2 years based on the loan amount and cash flow. Loans may have up to 6 months of interest only. Loans may be repaid early without penalty.

Interest Rate
Borrowers will be charged an Annual Percentage Rate that is competitive with the market. There will be no closing fees and the interest rate will remain the same throughout the term of the loan.

Collateral
No collateral is required. Borrowers will be required to sign a personal guarantee.

Credit
Loan decisions will not be based on your credit history and a credit report will not be pulled as part of the underwriting. After loan approval, your credit history will be reviewed and you may be required to develop a credit improvement plan to help position your business for growth and access to traditional funding institutions.
Additional Requirements
- Borrowers must provide documentation of their business model and a detailed list of how funds will be used.

- Approved borrowers will be matched with a Mentor, training opportunities and may be asked to engage in one-on-one technical assistance.

- Quarterly reports will be required throughout the life of the loan and a final report will be required when the loan has been repaid.

- Borrowers must provide proof of appropriate business license, Federal Tax ID, evidence of personal or business checking account and legal entities must register with AR. Secretary of State.

- Borrowers will sign a photo/marketing release document to enable ABC to use their story and image for marketing purposes.

- Borrowers must acknowledge the ABC Entrepreneurship Fund as source of funding in their activities. The following is an example of a statement that can be used: “This activity is supported by funding from the ABC Entrepreneurship Fund.”

- Borrowers may be asked to engage in community outreach and marketing efforts on behalf of ABC.

Loan Approval
A committee will review all applications and make final decisions by a majority vote. Applicants may be asked to provide additional information or may be asked to meet with the committee.

Loan Closing Process
Borrowers will execute loan closing documents to include:
- Promissory Note
- Loan Agreement
- Personal Guarantee
- Bank account information
- Photo/marketing Release Form

Loan Disbursement
Upon receipt of the fully executed loan closing documents, a check will be issued to the borrower from ABC.
**Loan Repayment**
Borrowers are responsible for making payments on the agreed upon dates detailed in the Promissory Note and Loan Agreement. Payments should be made to*__*.

Loan payments will be applied first to interest at the Annual Percentage Rate stated in the Promissory Note with the balance of the payment applied to principal. Both interest and principal will be deposited into the ABC Entrepreneurship Fund to be used for future loans.

**Eligible Businesses**
Any legal business that meets the SBA guidelines will be eligible.

**Business Location**
Funded business will be located and carry out their operations within the state of Arkansas.

**Loan Default**
If a business is unable to make a loan payment when due, the borrower should immediately contact ABC and request an extension. That request should include detailed information on why the payment cannot be made as agreed and a timeline for compliance. If the business fails and is unable to repay the loan, the owner (personal guarantor) is responsible for repaying the loan. Full repayment ensures that the fund can continue to support the start and growth of small businesses. In these instances, ABC will negotiate repayment terms that may extend beyond the original term.