



# Do You Qualify for a Microenterprise Loan?

Microenterprise loans are \$50,000 or less and are designed to stabilize and grow existing businesses. Terms are flexible and tailored to the needs of the business.

**Do you live within Arcata City limits?** *This program is only available to Arcata residents.*

**Is your business located within Arcata City limits?** *Only businesses located in Arcata City limits are eligible.*

**How many employees does your business have (including you)?** *A business may have only 5 or fewer employees, including owners.*

**Do you and all other owners make less than 80% of Area Median Income?** *The median income is set by HUD. Your income will be verified by tax returns, EDD records, or payroll records.*

|                     |          |          |          |          |          |          |
|---------------------|----------|----------|----------|----------|----------|----------|
| People in Household | 1        | 2        | 3        | 4        | 5        | 6        |
| HUD 80% Max Income  | \$39,150 | \$44,750 | \$50,350 | \$55,900 | \$60,400 | \$64,850 |

**Do you have a business plan? A marketing plan?** *If you do not have a business or marketing plan, the Small Business Development Center (SBDC) in Eureka can assist you in putting plans together.*

**Do you have financial projections?** *We want to see what your business would look with the loan you want to apply for. The SBDC can also help with training in understanding and preparing financial projections.*

**Can you provide tax returns and financial statements?** *Business and personal tax returns are required. If your business is new, three years of financial projections are required.*

**Do you have a credit report, or a good idea what your credit score is?** *A credit score of 680 or higher is ideal. If your credit score is less than 680 you will need to provide explanations. You might also have to provide additional collateral.*

**What would you use the loan for?** *The loan cannot be used to refinance personal debt, or to purchase items that are for personal use. Disbursements are made directly to vendors, or reimbursed upon proper documentation.*

**Do you or your business have assets that can be used as collateral?** *Business and personal assets can be used as collateral for a loan. Decisions about how much collateral to take are made on an individual basis, but collateral will always be required.*

**Have you worked with the Small Business Development Center (the SBDC)?** *You will be required to provide a letter of recommendation from the SBDC. You will also be required to attend classes on certain business ownership topics that are given by the SBDC or other business development providers. Grants may be available for these classes.*

**How long have you been in business?** *Microenterprise loans are designed to stabilize and grow businesses – to help business owners position themselves to create jobs now or in the future. Startup businesses may be acceptable, but will require collateral and owner equity.*

**IF YOUR BUSINESS MEETS THESE REQUIREMENTS, complete a Pre-Application form and return it to the Community Development Department. You can find the Pre-Application form at:**  
<https://www.cityofarcata.org/DocumentCenter/View/258/Microenterprise-Loan-Preapplication-Form-PDF>

**To speak with a professional at the North Coast Small Business Development Center, call 707-445-9720.**