

**Nebraska Department of Economic Development  
Microenterprise Lending Guidelines**

The purpose of the microenterprise assistance program is to encourage and support the transfer of Nebraska-based technology and innovation in rural and urban areas of Nebraska in order to create high-growth, high technology businesses and to enhance creation of wealth and quality jobs.

**Eligibility**

*Eligible Applicants:*

Eligible applicants include Nebraska-based non-profit organizations located within the State of Nebraska. Such applicants must demonstrate that the organization and at least one key staff member has at least five (5) years of experience as a lender, preferably lending to micro-enterprises in Nebraska.

Eligible applicants must qualify as micro-loan delivery organizations that have Internal Revenue Service (IRS) designation as a 501(c)(3) or submit verification from an Attorney that the applicant operates as a 501(c)(4) or 501(c)(6) organization. All applicants must have a current Certificate of Good Standing from the Secretary of State at the time of application.

*Eligible Projects/Priority Projects*

Eligible projects include funding for a Revolving Loan Fund to make loans to eligible micro-enterprises in distressed areas. Other financing mechanisms administered by the applicant micro-loan delivery organization programs may be approved by the Department on a project-by-project basis.

Priority will be given to applicants that:

1. Have previous experience and a successful track record as an organization in providing loans to microenterprises;
2. At least one key staff person demonstrates previous experience and a successful track record in providing loans to microenterprises;
3. Demonstrate the Micro-lending Fund will result in filling a financing gap that is both needed and that microenterprises are interested in accessing.

**Funding**

The Department commits a maximum of \$1,477,000 per year for the next two years to be awarded to micro-loan delivery organizations. The minimum grant amount per project is \$200,000. No more than \$73,850, or 5% of the total Micro-lending grant, whichever is lesser, may be used for general administration (operating) costs of the micro-loan delivery organization.

*Matching Requirements*

The awarded applicant is required to provide a match equal to no less than 35% of the total Micro-lending amount awarded. Funds shall be matched by non-state funds equivalent in money or in-kind contributions, or a combination of both. Such matching funds may be from any non-state source, including private foundations, federal or local government sources, quasi-governmental entities, or commercial lending institutions, or any other funds whose source does not include funds appropriated by the Legislature. In addition to the proposed use of Micro-lending Funds, matching funds may be used

for operational costs of the applicant micro-loan delivery organization, costs for technical assistance to microenterprises by the micro-loan delivery organization, or other similar activities approved by the Department.

### **Project Selection Criteria**

Applicants will be evaluated on the following criteria:

1. Propose a sound business plan for the applicant micro-loan delivery organization which includes sufficient coordination with the Microenterprise Technical Assistance provider. Preference will be given to enhancing established revolving loan funds by expanding the availability of these funds to businesses with 6 – 10 employees and loan terms conducive to investment in start-up, high-growth, high technology businesses. Examples of these loan terms would be deferring all or a portion of the loan for 3 – 5 years as the microenterprise completes the prototyping phase of a new product and transitions to full commercialization and profitability.
2. Each loan program which ideally will have underwriting criteria appropriate for traditional micro-lending and micro-loans to start up high-growth, high technology businesses as discussed above.
3. Proposed increases in jobs and investment due to the Micro-lending Funds.
4. Loan program guidelines that include favorable terms and design for assisting microenterprises locating in or located in a Downtown or Central Business District as part of a strategy to encourage sustainability of these community assets.
5. A clear and precise plan for coordination with the Micro-enterprise Technical Assistance delivery organization(s) and requirements of the Micro-lending Funds to be provided to businesses willing receiving and responding to technical assistance efforts.
6. Demonstrate reasonable expectations for loan losses.
7. Demonstrate a proven system of reaching women and minority-owned businesses.
8. Partnerships and strategy for coordination with commercial lending institutions in the program service area.
9. Capacity of the applicant organization and ability to monitor and provide quantitative results to the Department.
10. Increased leveraging of Micro-lending funds with non-state resources. Generally speaking, additional leveraged funds is considered a positive characteristic; however, the applicant must explain the effect of leveraged funds on the Micro-lending funds. For example, will the Micro-lending funds be limited to assisting businesses with 5 or fewer employees because the leverage funds are federal funds? If leverage funds do further restrict the Micro-lending funds the applicant must explain how the funds will still be filling a need and gap in available financing.

### **Reporting Criteria**

Awarded applicants will be required to submit semi-annual reports to the Department. At a minimum, the annual report will include: names of businesses assisted; loan terms for loans closed; status of loans; update on program timeline and goals, number of businesses assisted, technical assistance provided, and other information requested by the Department.

**Application Cycles**

Micro-lending Application Cycle 1: Applications must be submitted to the Department no later than 5:00 PM on December 1, 2023. Up to \$1,477,000 will be awarded in Cycle 1.

Micro-lending Application Cycle 2: Applications must be submitted to the Department no later than 5:00 PM on December 2, 2024. Up to \$2,954,000 (less Cycle 1 award amount) will be awarded in Cycle 2.

**DED CONTACT PERSON**

For clarifications on this program, please direct your inquiries to:

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