Table 2:
Key Variables in Our Microcredit Model to be Addressed
Gainesville Microcredit Program

a) Party who is raising the money for the program;

b) The type of financial institution making and underwriting the loan;

c) Minimum bar we can get financial institution to set for borrower qualification (e.g., credit score of ___, business plan);

d) Maximum interest rate to be charged;

e) Minimum and maximum loan amount for initial loan;

f) Staged model in terms of maximum amount for subsequent loans;

g) Maximum term of loan;

h) Whether money that is raised is loaned out, or serves as a backstop/guarantee to the financial institution, covering unpaid loans;

i) Where money we raise for the fund is held (e.g., in a cd at the bank)

j) Loan application process (and whether it begins with us (the intermediary) or with bank);

k) Underwriting and approval process at financial institution;

l) Role of us (the intermediary) in providing structured intervention model with borrowers, performing due diligence for the financial institution, and making loan recommendations to the financial institution;

m) Design of our (the intermediary) invention model;

n) Our (intermediary) criteria in recommending borrower to financial institution (e.g., business plan completed, hours entrepreneur is working in business per week, other progress made);

o) Whether financial institution absorbs the costs for processing and managing the loan (they typically lose money or just breakeven);

p) Role of social or peer influence on borrower and how this is achieved (e.g., letters of recommendation from peers, visibility, sponsors);

q) Tracking process for the loans and repayments;

r) Whether we should use the $80,000 as a match to raise money from other sources;

s) Whether we separately include small grants;