

XXCELERATE

FUND

XXcelerate Fund FAQ

Thank you for your interest in applying to XXcelerate's inaugural loan program! Please read this FAQ completely before submitting your application.

What is the XXcelerate Fund?

XXcelerate Fund is a character-based financing option available to womxn business owners who are unable to secure a conventional loan to grow their business. Traditional business loans require credit and/or collateral. A "character-based" loan instead relies on a trusted relationship between the borrower and lender, the borrower's character and community standing, and on the financial strength and performance of their business. Loans range from \$5K to \$100K and can be used for a variety of business purposes.

Who can apply for the XXcelerate fund?

Only graduates of the [XXcelerator](#) program may apply to the XXcelerate fund at this time. Additionally, applicants must meet the following requirements:

- Have their headquarters located in Oregon
- Be small. This means net revenues of no more than \$5M and net worth/valuation of less than \$15 million.
- At least 51% of the business must be owned by U.S. citizens or legal, permanent residents
- Eligible business structures include sole proprietors, partnerships, LLCs, corporations, co-ops, and employee-owned firm business structures.
- Not have funds available from other sources. XXcelerate Fund does not extend financial assistance to businesses when the financial strength of the individual owners or the company itself is sufficient to provide all of the requested financing. In other words: if you have the personal means to provide or secure financing, or you are in a strong enough financial position to obtain a traditional commercial loan to meet your needs, we request you look to other sources first
- Demonstrate the ability to repay the loan on time from the projected or historical operating cash flow of the business.
- Have evidence of good character. XXcelerate requires the owners and any 20% or more owners of the applicant small business to complete a "Statement of

Personal History” form to determine if they have historically shown a willingness and ability to pay their debts and have abided by the laws of their communities.

- Evidence of management expertise and commitment necessary for success.
- Provide a feasible business plan. We define feasible as a plan that, when reviewed by lenders and our Loan Council, could be realistically executed with the resources on hand and requested.

What can the funds be used for?

- Working capital (e.g. immediate funds to cover expenses while you wait for a future invoice, etc.)
- Purchasing equipment, furniture, fixtures, inventory, vehicles (necessary to the operation of the business), leasehold improvements
- Buying a business or franchise
- Business debt refinancing
- Converting contractors into full-time employees
- Tradeshow and conference travel to accelerate sales

If you have other financing needs please raise your questions during an information session or contact us directly.

What is required of XXcelerate fund loan recipients?

Recipients of the loans are also expected to:

- Become an XXcelerate Ambassador: You will be expected to act as a representative of the XXcelerate community at events as a speaker, mentor and ambassador. This might include sharing your entrepreneurial story and learnings at one information session, in the media, interviews, and with funders as appropriate.
- Contribute to the financial health of the XXcelerate Fund: We suggest a warrant issued to the Fund’s parent organization, a 501(c)(3) non-profit. A warrant is the guarantee of a future percentage of your business should you go on to raise qualified equity financing or sell. For example, let’s say Carol, a loan recipient, issues a 0.5% warrant to XXcelerate upon receipt of the loan in recognition of the support she received. If she goes on to sell her company for \$1M, XXcelerate would receive \$5K. This warrant is used to continue the funding, support, and education of future Oregon womxn entrepreneurs that Carol benefitted from. Should Carol not sell the business or raise future financing within the term of the warrant, it expires.

What are the average loan sizes and terms?

- The Fund will lend \$5K - \$100K per approved applicant.
- The interest rate on approved loans will be fixed at 10% APR.
- All loans will have 5-year or less loan repayment terms. We intend to work with you to create a repayment plan that meets your needs.
- There are no early repayment fines.

What is the timeline for the application process?

We will begin accepting applications on a rolling basis beginning in February 2020. It can take anywhere between 3-12 weeks to prepare for the application process, depending on how much support you require. Once submitted, the underwriting and approval process can take 2-4 weeks.

What steps do I need to take in the application process to receive a loan?

- Step 1: Take an eligibility assessment to see if you qualify. [LINK HERE](#)
- Step 2: Have an initial Capital Coaching consultation. This session will determine your loan eligibility. If you are a good fit, we'll help you prepare your loan application. If we believe you are better suited for another program, we can still help with your application but may refer you elsewhere.
- Step 3: If you're a good fit, XXcelerate will help you complete the Loan Application. Please review this application before moving forward so you know what to expect. You will then present your business via video call to Colorado Lending Source within 14 days of receiving your application. [Here](#) is a video overview of the CLS program.
- Step 4: Your application and CLS' recommendation will be referred back to XXcelerate's Loan Council, a volunteer review council comprised of XXcelerate board members, mentors, and members of the business community, which will review the loan request within one week of receipt of analysis. If approved, you will receive your underwriting agreement. If denied, we'll work with you on next steps.

Will I have to sign any legal documents if my application is approved for a loan?

Yes, you will. If your application is approved by the XXcelerate Loan Council, XXcelerate will ask you to review and sign certain loan documents.

It is important that you understand what these documents mean and what legal effect they have, so we strongly encourage you to review these loan documents with your attorney before signing.

Will I have to put up any collateral or sign a personal guarantee?

Yes, it is possible that you will have to put up “collateral” (property or something else of value to secure your repayment of the loan) or guarantee repayment of the loan yourself if you are applying for a loan on behalf of your business. If XXcelerate or CLS determines that one or both of these are necessary, these conditions will be listed in your approval letter. It is, however, not a required condition of this loan program.

Does it cost to apply to the loan?

No. There are no application or closing costs. You will however incur a 2% loan origination fee (to be deducted from loan proceeds) if your application is successfully funded.

If I have questions, how can I learn more?

Contact Amy Jermain at amy@xxceleratefund.com

Great! I'm ready to apply.

Thank you for reading this information so thoroughly.

[Please submit your application here.](#)