

FREQUENTLY ASKED QUESTIONS

1. What is the purpose of the ABC program?

The ABC program offers several financial products which are available to qualifying small businesses and nonprofit organizations. The purpose of the program is to help small businesses in Los Angeles County owned by people of color grow their companies, build wealth, and create or maintain jobs. Priority is given to businesses in communities historically impacted by racial, wealth, health, and opportunity gaps. To learn more visit, <https://www.lisc.org/los-angeles/abc-fund/>.

2. What businesses are eligible for LISC LA's Asset Building for Communities of Color (ABC) program?

Eligible for-profit small businesses and nonprofit organizations must be based in Los Angeles County, and have filed as corporations, limited liability companies, or partnerships. Sole proprietorships are not eligible.

3. What kinds of financing are available?

Growth Capital is available to qualifying small businesses for the acquisition of key assets, including the purchase of machinery, equipment, new or updated technology, inventory, or leasehold improvements. Acquisition of real estate is not available.

Acquisition Capital is available to qualifying small businesses and nonprofit organizations to support the acquisition of commercial properties.

The following products are provided by Inclusive Action for the City:

Micro-loans are available to qualifying small businesses to support the acquisition of machinery, equipment, or inventory.

Cash Grants are available to qualifying microentrepreneurs to support the acquisition of machinery, equipment, and inventory. This is an invite-only process.

Growth Capital

4. What are the qualifications for acceptance in Growth Capital?

Qualifying business owners must have at least **2 years of operating history**, at least **2 years of tax returns**, a business plan, a description and cost estimate of the Eligible Asset(s) to be acquired, and a letter of support from a technical assistance provider or consultant. Businesses selected to submit a completed application may receive up to 30 hours of technical assistance to assist in preparation of their application and business plan. Additional items may be required as determined by LISC.

Businesses that have fewer than 2 years of tax returns but that otherwise qualify and show exceptional promise may be considered for inclusion in the program; or, they may be referred to our partners.

5. How do I apply for Growth Capital?

- a. Submit an [Intake Form](#).
- b. LISC LA will review your completed intake form and respond to you, indicating one of the following options:
 - i. You have been referred to a Technical Assistance (TA) provider who will conduct a financial health check of your business in preparation for submission of a full response to LISC's Request for Information.
 - ii. You do not qualify for the program, or your business may not be ready for submission at this time; or the program is unable to consider your submission because our program is at full capacity.

6. How much financing can my business receive through Growth Capital?

Financing may range from \$50,000 to \$250,000 for the purchase of Eligible Assets. The precise amount will be determined by the size of the business, its operating history, its sales, the assets to be purchased, and the company's ability to repay the financing. Typically, the amount of the loan may not exceed 25% of the applicant's annual sales.

7. What types of assets are eligible for financing under Growth Capital?

Funds may be used for the purchase of machinery, equipment, new or updated technology, inventory, or leasehold improvements not to exceed \$100,000. The number of assets and the amount of financing will be determined based upon the business, its operating history, and its ability to repay the debt.

8. What are the financing rates and terms for Growth Capital?

The Growth Capital product provides low-cost, flexible financing. The interest rate is 0.0% per annum, with a flexible term. Closing costs are 3% of the loan, payable at closing. At month 12, LISC will review the sales, cash flow, and growth of the business and will determine a repayment schedule for the remaining term that reflects the company's ability to repay.

Acquisition Capital

9. What are the qualifications for acceptance in Acquisition Capital?

Non-profit 501(c)(3) organizations or for-profit businesses based in Los Angeles County that have filed as corporations, limited liability companies, or partnerships are eligible for Acquisition Capital. Sole proprietors are not eligible. Recipients must be directly referred to LISC by an approved referral partner listed [here](#). The recipient must use the property being acquired for the conduct of its business/operations during the term of the financing. Additional financing must be identified to cover the remaining costs of the acquisition.

10. How much financing can my business receive through Acquisition Capital?

Financing is expected to range from \$100,000 to \$500,000, for up to 20% of the purchase price of a commercial property, not to exceed \$500,000.

11. What types of properties are eligible for Acquisition Capital?

For-sale commercial properties based in Los Angeles County are eligible for financing, subject to review and approval by LISC, with a minimum purchase price of \$500,000. Recipients must use all or a portion of the property for its own business.

12. How do I apply for Acquisition Capital?

Applicants must be directly referred to LISC by an approved referral partner. Referral partners can be found [here](#).

- a. Submit an Acquisition Capital [Intake Form](#).
- b. LISC LA will review your completed intake form and respond to you, indicating one of the following options:
 - i. You have been referred to a Technical Assistance (TA) provider who will conduct a financial health check of your business in preparation for submission of a full response to LISC's Request for Information.
 - ii. You do not qualify for the program, or your business may not be ready for submission at this time; or the program is unable to consider your submission because our program is at full capacity.

13. What are the financing rates and terms for Acquisition Capital?

Financing will be paid at closing in a lump-sum disbursement with an interest rate of 0.00% per annum. No repayment is required during the term of the financing if loan conditions are met. A one-time closing fee of 2% and a legal fee of up to \$3,000 may be charged.

Micro-loan and Cash Grant**14. What are the qualifications for acceptance in the Micro-loan?**

Qualifying businesses must be for-profit entities based in Los Angeles County, have at least 6 months of operating history, generate less than \$500,000 in revenue per year, have 5 employees or less (including owner/s), and meet low to moderate income threshold based on HUD limits.

15. What types of assets are eligible for financing under the Micro-loan?

Micro-loans may be used to purchase equipment, inventory, technology, or other assets. Ineligible uses include operating expenses and the purchase of a noncommercial vehicle.

16. How do I apply for the Micro-loan?

Contact Inclusive Action for the City: Luis Moran 323.627.7652 luis@inclusiveaction.org, or Norma Santa Cruz 213.334.8432 norma@inclusiveaction.org.

17. What are the qualifications for acceptance in the Cash Grant?

Cash Grants are only for qualifying microbusinesses who are recipients of the Micro-loan product.

18. What types of assets are eligible for financing under the Cash Grant?

Grant funds must be used towards the purchase of equipment, technology or inventory.

19. How do I apply for the Cash Grant?

Cash Grants are invite-only for qualifying microbusinesses.