

## Frequently Asked Questions (FAQs)

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Below you will find answers to the most commonly asked questions about the Miami Open for Business program, as well as the three core grant and loan product offerings. We will continue to update this document as more questions are received after informational sessions.

### GENERAL

#### 1. What is the Miami Open for Business initiative?

Funded with a \$20 million grant from Wells Fargo, the Miami Foundation established the Miami Open For Business initiative. The initiative was created to help historically underserved small businesses and nonprofits in Miami-Dade County build wealth by investing in physical assets such as property, equipment, and technology. The Miami Foundation is the local partner leading this initiative over the next three years with guidance from a local Small Business Stakeholder Advisory Group.

#### 2. Can I apply for more than one type of funding from Miami Open for Business?

Yes, in any given funding cycle, your organization can apply for a microgrant, a loan, and/or collective commercial real estate funding; however, if your organization receives funding from one of the opportunities, you will not be eligible to apply for additional funding within that category for any future round.

#### 3. If I am not awarded funding in this application round, can I re-apply in the future?

Yes, if your organization is not selected for funding, you are encouraged to apply for funding within that category in future application rounds.

#### 4. Can individuals apply?

No, Miami Open for Business funding is restricted to 501(c)(3) organizations and equivalents with a fiscal sponsor, or for-profit small businesses. While sole proprietorships are eligible to apply for microgrants or loans, they are less likely to receive funding than organizations with employees.

#### 5. Is the grant from The Miami Foundation or Wells Fargo?

While the source of the program's funding is from Wells Fargo, the funder is not overseeing any grant proposal review or selection decisions. The Miami Foundation will distribute microgrants to nonprofits and collective commercial real estate funding while Partners for Self Employment, our community-based lending partner, will administer microgrants to for-profit businesses and all loans.

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### 6. How do I know whether to apply for funding through The Miami Foundation or Partners for Self Employment?

- If your organization is seeking a **microgrant** and is a **nonprofit** 501(c)(3) charity or operates under a 501(c)(3) fiscal sponsor, you will apply through [The Miami Foundation](#).
- If your organization is seeking a **loan**, regardless of whether you are a nonprofit public charity or for-profit business, you will apply through [Partners for Self Employment](#).
- If your organization is seeking a **microgrant** and is a **for-profit** business (e.g., LLC, C corp, S corp, etc.), you will apply through [Partners for Self Employment](#).
- If your organization(s) is seeking **collective commercial real estate funding**, regardless of whether you are a nonprofit public charity or a for-profit business, you will apply through [The Miami Foundation](#).

### 7. Who is Partners for Self Employment?

[Partners for Self Employment](#) is a 29-year-old community development financial institution (CDFI) and Small Business Administration (SBA) intermediary lender whose mission is to support the financial self-sufficiency and the accumulation of assets by low-income micro-entrepreneurs and families via opportunities to make, borrow, save, and manage money. Partners for Self Employment was selected through a competitive RFP process to serve as the lending partner for the Miami Open for Business initiative.

### 8. What will the reporting requirements be like?

Any organization that receives funding through Miami Open for Business will be expected to report on the use of funds and impacts on the organization or business on a regular basis. At a minimum, grant recipients will be asked twice annually to provide updates on the use of funding and associated impact, such as the number and type of assets purchased, increases in the number of jobs preserved or created, increases in sales, revenue, or donations received, and miscellaneous other economic impact data. An external evaluator, Behavioral Science Research Institute (BSRI) will administer data collection and may invite some grant recipients or borrowers to take part in additional qualitative data activities (e.g., surveys and focus groups).

### 9. What are the minimum organizational requirements to be eligible (e.g., # of staff, budget size)?

To be eligible for funding through Miami Open for Business, the organization must:

- Per funder guidelines, be led by an individual(s) from a historically underserved background(s). I.e., The business is owned and operated by a Black, Indigenous, Latino proprietor and/or serves a predominantly Black, Indigenous, Latino community. Additional consideration will be given to business owners who identify as LGBTQ, a person with disabilities and/or a military veteran.
- Be in operation for at least 2 years.
- Have an annual operating budget or revenue of \$1 million or less.\* There is no minimum budget criteria.

\*For the Collective Real Estate Ownership (CREO) funding opportunities, the annual operating budget maximum does not apply; however, organizations in the collaborative must still be small businesses and/or nonprofits.

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### 10. What paperwork do I need to apply?

Documentation requirements vary depending on the grant or loan you are applying for. At a minimum, all applicants must provide a copy of their annual operating budget and/or financial statements, a Form W-9, and proof of entity incorporation. For additional documentation required for loan applications, please review FAQs specific to the ABE Fund on page 6.

For Collective Real Estate Ownership (CREO) funding, applicants will need to provide a project timeline, budget, business plan or strategic plan, resumes for all organizations' leadership, cash flow projections or profit & loss statements, and a list of the board of directors. CREO funding finalists may be asked to furnish copies of bank statements, tax returns, etc. For more detail, please refer to the funding guidelines document for each opportunity.

### 11. When is the deadline to apply?

The application deadline varies depending on the grant or loan. For this first round of funding:

- Microgrant applications are due by 11:59pm EST on Monday, **November 7th**, 2022.
- ABE financing applications will be accepted and funded on a rolling basis **through December 1st**, 2022, or until annual funding allocations are met.
- Collective Real Estate Ownership (CREO) funding applications are due by 11:59pm EST on Monday, **November 28th**, 2022.

The deadlines for future funding cycles will be announced in January 2023.

### 12. What if I don't receive funding during this first round?

If your organization is not selected for funding during this first cycle, you are encouraged to apply for funding in future application rounds. We will offer at least two funding cycles each year for the next two years.

### 13. How will my application be reviewed and scored?

For each grant and loan funding opportunity, we have established a set of core funding priorities to assess each application (e.g., "represents a historically underserved community, serves the adjacent community, has strong organizational and financial capacity, is an employer firm offering quality jobs, etc."). Please access the full list of review metrics in each of the funding guidelines documents.

### 14. How were the Miami Open for Business target neighborhoods selected?

The priority communities for these funding opportunities were selected by first analyzing the [Miami-Dade Targeted Urban Areas](#) (many of which are also community redevelopment agency (CRA) neighborhoods) and conducting stakeholder vetting conversations with organizations and municipalities in each community to better understand the demand and opportunity for commercial real estate ownership in these neighborhoods. The decision to concentrate funding in these communities is positioned as an anti-displacement strategy to help root legacy businesses at greatest risk of gentrification. Depending on the volume of applications received, we may elect to include additional communities in future rounds of funding.

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### 15. Can you help connect me to resources to help prepare my application?

Beginning in 2023, the Miami Open for Business program will have specific technical assistance (TA) resources available and in place to help you prepare your application. In the meantime, we recommend you work with a local TA provider that specializes in serving historically underserved small businesses.

Below is a list of providers with no-cost resources to support you:

- [Miami Dade Small Business Navigator](#), led by FIU Small Business Development Center
- [Prospera](#) consulting and services for Latino-led businesses
- [Branches](#) microbusiness program
- [Catalyst Miami](#) small business support

### 16. When will I be notified about funding decisions?

Funding decisions for microgrants and CREO funding are expected to be announced in December 2022. Funding decisions for loan applicants will be made on a rolling basis, at least twice a month, pending The Miami Foundation review and approval.

### 17. Do I need to be a Wells Fargo customer to apply?

No, having a Wells Fargo account or being a Wells Fargo customer is not taken into consideration or factored into decision making.

### 18. I am a for-profit small business. Will I have to pay taxes on the funding I receive through this program?

If your firm is a for-profit business and you receive grant funds through this program (i.e., microgrant or CREO funding), your business will receive a tax form. All taxes associated with the acceptance and/or use of funding through this program are the sole responsibility of the individual recipient. Prospective applicants are advised to consult with their own tax professionals and/or legal counsel to ascertain the tax impact of funding that may be provided under this program.

### 19. Do I need to be a U.S. citizen to apply for these opportunities?

No, it is not a requirement to be a U.S. citizen for these funding opportunities.

### 20. Will there be opportunities for applicants to ask questions about these opportunities?

Yes, for each grant and loan program, we will offer several online informational sessions to provide more details about each funding opportunity, and allow the chance to ask questions. All informational sessions will be recorded and uploaded to our website for later access. Please register for these sessions on our website: <https://miamifoundation.org/miamiopenforbusiness/>

## **MICROGRANTS FOR TECHNOLOGY AND EQUIPMENT**

### **1. Can I apply for general operating support or funding to cover expenses other than technology or machinery? Can I use funding from the microgrant to pay for training?**

Per funder guidelines, funding for this microgrant opportunity is only eligible to be applied for the cost of acquiring fixed assets, such as technology, machinery, equipment, or similar tools. Funding may not be used to cover other program operating costs, such as overhead, rent, personnel, training, or other business expenses.

### **2. Can I purchase both technology and equipment with this grant?**

At this time, microgrant funding is only intended to be used towards either technology or equipment, in order to maximize each applicant organization's chances of receiving funding. We may elect to allow purchases across multiple categories in future rounds of funding.

### **3. Can I buy inventory with the microgrant?**

The microgrant for technology and equipment is not intended to be used towards inventory. If your organization is interested in funding to purchase inventory, including bulk purchases of merchandise, raw materials, textiles, and other goods, please consider applying for an ABA loan through Miami Open for Business, which can be used to purchase inventory in amounts as low as \$5,000.

### **4. Does this funding need to be repaid?**

No, microgrant funding is not intended to be repaid.

### **5. What are the long-term restrictions on using the asset?**

Our hope is that the asset will be retained long-term by the organization. We will be following up with all grant recipients at least twice annually throughout the life of the program to understand how the asset is being deployed and what impacts it has created for the business.

## **ASSET BUILDING LOANS FOR ENTREPRENURS (ABLE)**

### **1. What is the interest rate on the loan?**

Per funder guidelines, the maximum interest rate on the loan is 3%. Nonprofit borrowers will not be charged interest on the loan.

### **2. Is there a minimum credit score to apply for the loan?**

There is no minimum credit score to be eligible to apply for the loan. Instead, applicants and the organization's ability to repay the loan will be evaluated holistically.

### **3. What documents will I need to provide to apply for the loan?**

To apply, loan applicants should be prepared to provide personal and identifying information for all the legal owners of the business, including legal and financial information. Because all loans will be personally guaranteed, required loan application personal attachments include: a copy of a personal financial statement, tax return, ID, proof of social security card (if a U.S. citizen), and Form 4506-T authorizing access of a personal tax return transcript.

Required loan application business attachments include: YTD cash flow, balance sheet or financial statements, financial projections\*, business tax return\*, bank statements, proof of address, active Miami-Dade County business tax license, roster of current employees, and Form 4506-T authorizing access of a business tax return transcript. \*For non-profit loan applicants, in lieu of these items, we will request a list of prospective donations and incoming funding and a Form 990.

### **4. Can I take out a loan for more than 1 allowable use case?**

At this time, financing is only intended to be used towards 1 of the allowable use cases (i.e., either inventory or remodeling; a vehicle or succession financing), in order to maximize each applicant organization's chances of receiving funding. We may elect to allow multiple use cases within a loan in future rounds of funding.

### **5. Can I take out more than 1 loan?**

At this time, to maximize each applicant organization's chances of receiving funding, only one loan will be approved for each organization.

### **6. What are the loan origination and/or closing fees?**

We are not charging any additional closing fees for the loan, unless you are taking on a loan to purchase a fixed asset (e.g., vehicle). In that case, Partners for Self Employment, Inc. will assess the required doc fees for taking a collateral position (i.e., a lien) on the fixed assets in the event of default.

## FAQ about Asset Building Loans for Entrepreneurs (ABLE)

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### **7. What are the repayment terms of the loan?**

The repayment period for the loan will depend on the dollar amount and loan use case for which you have applied. For example, smaller dollar inventory loans will likely have a repayment period of 1 year, whereas larger asset purchases, such as vehicles or remodeling, may have a 5-year repayment period. Your loan officer will work with you during the application process to select a feasible repayment schedule.

### **8. How quickly will loan be disbursed?**

The speed of loan disbursement will depend on the completeness of your initial application. Completed loan applications will be disbursed at least twice a month, pending The Miami Foundation review and approval.

### **9. What happens if I am unable to repay my loan?**

As a reminder, all loans will be personally guaranteed. If you feel you are unable to pay your loan, the first line of defense is to set up loan counseling and work with a technical assistance (TA) provider. In addition, it may be possible to restructure and rewrite the loan (e.g., extend the repayment period). If your organization is still unable to pay the loan, it may be sent to remediation and collections. In the case of fixed assets such as vehicles, it may be repossessed. Please communicate early on if you become concerned about repayment to be connected with resources.

## **COLLECTIVE REAL ESTATE OWNERSHIP (CREO) FUNDING**

### **1. What is the minimum down payment required to contribute?**

There is no minimum down payment contribution required; however, applicant collaboratives that are providing some equity contribution to the transaction will be prioritized during the review process.

### **2. What fees/costs can I include in my funding request?**

In addition to the down payment, provided it does not exceed 20% of the purchase price, the applicant collaborative can also use CREO funding to cover the following closing costs:

- Doc fees, title fees, recording fees, survey fees, courier fees, loan origination fees
- Discount points (to reduce interest rate)
- Title insurance
- Attorney fees

### **3. What fees/costs should the applicant collaborative be prepared to pay?**

To ensure that the applicant collaborative is fully committed to participating in the purchase process, the applicant collaborative should be prepared to pay out of pocket:

- Mortgage application fee
- Inspection and appraisal fees
- Environmental report fees
- Earnest money deposit

### **4. Can I use this funding to help cover rental costs?**

Per funder guidelines, funding can only be used to support the acquisition and ownership of new property. CREO funding cannot be used to cover existing rental costs, overhead, or other operational expenses.

### **5. Will you provide the down payment assistance upfront?**

In order to facilitate the purchase, CREO funding will be provided at the closing table to the title company or closing agent. CREO funding will not be disbursed individually to the grant recipient or collaborative.

### **6. Can the subject property include residential real estate?**

Provided that the majority of the subject property is utilized for commercial purposes, it is possible that some of the property can include residences or be used for residential purposes.

## FAQ about Collective Real Estate Ownership (CREO) Funding

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### 7. What is the minimum and maximum number of businesses that can be included in this funding structure?

At a minimum, each collaborative application should be comprised of two businesses or organizations. There is no maximum. Applicant collaboratives that include a greater number of small businesses and/or provide a greater number of quality jobs will receive priority for funding.

### 8. What are the allowed shared ownership models? Where can I learn more about each model, such as the community land trust, etc.?

There are currently four proposed shared ownership models to be instituted at each subject property: a community land trust, a shared space, a joint tenancy purchase agreement, and a co-operative ownership model. More detail about each model is provided in the funding guidelines document.

To learn more, we recommend accessing the following resources:

- [Grounded Solutions Network | Community Land Trusts](#)
- [Florida Housing Coalition | Community Land Trusts](#)
- [First National Realty Partners | How Tenancy in Common Works in Commercial Real Estate](#)
- [Small Business Anti-Displacement Network | Community Investment Trusts and Cooperatives](#)

### 9. Can you help connect us to a real estate agent, mortgage lender, or real estate attorney to apply for this?

Beginning in 2023, the Miami Open for Business program will have specific technical assistance (TA) resources available and in place to help you prepare your application. For the first cycle of funding, we encourage prospective applicants to collaborate with their local networks to locate these resources and will prioritize funding collaboratives that are prepared to engage in the real estate acquisition process.

If you are not yet prepared to apply, don't despair! We will offer at least two additional rounds of funding each year for the next two years.