



FUTURE'S FUND
Small Business Revolving Loan Fund
Program Guidelines
September 1, 2004
Revised December 13, 2004
Revised March 24, 2005

BUSINESS LOAN PROGRAM

Program Description

The Revolving Loan Fund (RLF) shall be used to provide financial incentives for the expansion of existing local industries or commercial business ventures, to assist and nurture new, innovative, and small and emerging private business enterprises, and for the attraction of the above described business ventures to Green River. The RLF will be utilized to ensure that a maximum number of jobs will be created and retained, the local and regional industrial base is broadened, the Green River property tax base is broadened, and the proposed industrial or commercial use/expansion is compatible with the local and regional environment. In reviewing the employment impact of the proposed loan, priority will be given to those projects, which create (and in some cases retain) jobs that pay a minimum of 1.5 times the federal minimum wage. For the purpose of these guidelines, the term "project" means the subject of the loan request financed in part by RLF funds.

Objectives and Eligible Activities

GREEN RIVER FUTURES will be responsible for the administration of this Revolving Loan Fund according to the Guidelines contained herein.

Eligible Activities are as follows:

1. Site Purchases of Land, including site development costs;
2. Relocation costs incurred in construction and occupancy of the facility.
(Relocation costs are an eligible activity only when additional investment occurs.)
3. New Construction or Rehabilitation of Existing Buildings;
4. Machinery and Equipment acquisitions;
5. Start-up operating costs and Working Capital

Eligible Applicants are as follows:

1. Industrial or manufacturing firms where goods are assembled, re-assembled, modified, manufactured, or produced at the job site;
2. Wholesale and Distribution enterprises;
3. Commercial Enterprises that establish new business, expand existing business, create new jobs or save existing jobs.
4. Technology, software, and related companies.

Financing

Funding Limits

The maximum commitment of RLF funds will not exceed 75% of the total project costs. In addition, the level of funding will not exceed \$5,000 for each job to be created at project completion or projected over three years after completion. If a business were to close down, or to have significant employment layoffs, without RLF loan assistance, the jobs, which would be lost in that project, will be treated as if they were new jobs.

Equity Requirement

A minimum investment of ten (10) percent of the total project cost shall be in the form of a cash equity injection by the borrower.

Borrower Limits

At any given time, a single borrower (individual or corporate) is not permitted to maintain more than two outstanding loans or a maximum principal balance among all loans that exceeds \$15,000. A borrower is defined as owning twenty (20) percent or more of the company, entity, or project financed.

Loan Term

Loans will generally be for a period of from five to ten years. Loans may be written for fewer than five years. The term for a working capital loan shall not exceed five years.

Interest Rates

These interest rates will be indexed to the prime rate as listed in the Wall Street Journal as follows.

Working Capital Loans: The annual interest rate on working capital loans shall be the prime rate at the time of loan closing plus 1.5% for a maximum of five (5) years. The rate will be fixed for the term of the loan.

Machinery & Equipment Loans: The annual interest rate on equipment loans shall be the prime rate at the time of loan closing plus 1.0% for a maximum of seven (7) years. The rate will be fixed for the term of the loan.

Real Estate Loans: The annual interest on real estate loans shall be the prime rate at time of loan closing plus 1.0 percent for a maximum of ten (10) years. The rate will be fixed for the term of the loan.

Loan Security/Collateral

GREEN RIVER FUTURES shall review each loan request for the adequacy of collateral and shall include a report concerning the loan security when the loan request is approved.

Use of Proceeds

Loan Pool Funds may only be used to carry out the project as outlined in the Loan Application and supporting data.

Prepayment of Loan

The borrower may prepay the loan at any time without penalty.

Utilization of Repaid Loan Funds and Interest

To insure that program income is used only for eligible activities, repayments of principal and interest on all loans made through the RLF will be added to funds committed to the Program and will be used in accordance with the provisions of this Program.

At such time as GREEN RIVER FUTURES determines that the RLF Program is no longer desirable or necessary as part of its Economic Development Strategy, all remaining principal and interest and future loan payments will revert to the City of Green River to administer the RLF Program. If the City chooses not to continue the original intent of the RLF Program, remaining principal and interest and future loan payments will be used to repay the Rural Business Enterprise Grant of \$50,000 to the USDA Rural Development.

Fees

A non-refundable \$50.00 application fee is due at application submission. At loan closing, an origination fee equal to 1.0 percent of the loan amount is due.

Administration and Areas of Responsibility

Finance Committee

The GREEN RIVER FUTURES Board of Directors shall appoint a Finance Committee consisting of the Executive Director, the Board Chairman, and the Treasurer to evaluate and determine the recommended level of funding, if any, from the RLF, and approve or deny loans. A minimum of two members of the committee must vote in the affirmative to approve a loan.

Staff

It will be the responsibility of the staff of GREEN RIVER FUTURES to work with potential borrowers in the preparation and submission of a Loan Application and supporting data, to determine the eligibility of the borrower and the project, to review the financial proposal with the participating lending institution, and to present the loan request to the Finance Committee for its review. The tentative terms and conditions of the loan will be negotiated between the borrower and the staff of GREEN RIVER FUTURES. Staff shall also "screen" potential applications to determine which projects are not eligible.

Participating Lending Institution(s)

The Participating Lending Institution(s) shall have the primary responsibility for making overall credit judgment related to the potential borrower and the project. GREEN RIVER FUTURES Staff shall consult with the lending institution(s) regarding the credit findings and conclusions made by the bank(s), and those findings and conclusions shall be reported to the Finance Committee. A Letter of Commitment from the participating bank shall be required prior to approval of a loan when a bank is a participant in the project.

Application Procedures

Applicants can obtain a Loan Application from the staff of GREEN RIVER FUTURES or downloaded from the GREEN RIVER FUTURES Web Page:

www.greenriverfutures.com.

Loan Closing Procedures

After approval by the Finance Committee, the staff of GREEN RIVER FUTURES shall prepare and mail to the borrower a Letter of Commitment that outlines all of the terms and conditions of the RLF Loan, as approved. The borrower(s) will be required to approve of the terms and conditions and sign the Letter of Commitment.

After the signed Letter of Commitment is received, the loan closing should generally take place within 60 days, unless other arrangements have been made. A copy of the signed Letter of Commitment shall be forwarded to GREEN RIVER FUTURES Legal Counsel, who will prepare the necessary loan documentation. This will normally include the following:

- a. promissory note*
- b. security agreement and financing statement*
- c. recording(s) under the Uniform Commercial Code*
- d. personal guaranty of the principals (secured or unsecured)*
- e. mortgage deed*
- f. other documents as deemed necessary (by legal counsel or staff)*

Other items which are normally required to close a loan might include:

- a. certificate of hazard insurance*
- b. collateral assignment of life insurance on the principal(s)*
- c. a borrowing resolution (if a corporation)*
- d. property appraisal reports*
- e. job creation loan agreement*

The loan closing documents shall include all provisions deemed necessary to adequately protect the assets of the RLF. This will include a provision that declares the loan in default if the borrower relocates outside the City of Green River, at which time the outstanding principal balance and all accrued interest are immediately due and payable. Also, a late payment charge is to be assessed if a payment is more than fifteen (15) days late. The late charge shall be five percent (5%) of the payment due. Also, if the job projections within the agreed upon schedule, are not reasonably met, the loan may be renegotiated or declared in default at the option of the GREEN RIVER FUTURES Board of Directors upon review and recommendation of the Finance Committee. The job projections will be considered as being "reasonably met" if at least 80% of the jobs are actually provided. The Letter of Commitment and/or the Loan Closing Document shall require the borrower to furnish periodic financial statements, and a periodic report on employment shall also be provided by the borrower.

The borrower must agree to comply with the procedures and conditions of all established and applicable City of Green River ordinances in the construction, rehabilitation, and/or maintenance of the property. Work or conditions not meeting minimum standards established by all codes, ordinances and regulations is unacceptable and may be reason to cause the loan to be declared in default at the sole discretion of GREEN RIVER FUTURES.

Loan Servicing

GREEN RIVER FUTURES staff shall service the loan for its term. This shall include providing the borrower with a loan amortization schedule; receiving the payments from

the borrower and turning those payments over for depositing and recording; obtaining year-end and other required financial statements, including personal financial statements from the principals; obtaining current insurance certificates; making a periodic visit to the borrower at the business location; obtaining employment statistics; and contacting borrowers regarding overdue payments or other problems with the loan. GREEN RIVER FUTURES staff shall also attempt to assist the borrowers with other services available from GREEN RIVER FUTURES, and to assist with other future expansions of the business, when possible.

MICRO LOAN PROGRAM

In an effort to assist small businesses and sole proprietors start and maintain small business, a portion of the RBEG proceeds have been set aside to capitalize a micro loan fund. The micro loan is designed to assist with limited capital needs for very small enterprises. Typically, no security other than the applicant's personal guaranty is requested.

Eligible Applicants

New or existing retail, service or commercial ventures located in Green River. A completed application must be submitted.

Eligible Activities

Loan funds can be used for equipment, inventory and working capital.

Financing Limits

A maximum of \$3,000 may be loaned for a term not to exceed 5 years. A minimum of 10 percent of the total project cost will be required in the form of borrower cash. Each applicant will be evaluated on a case-by-case basis for creditworthiness and project viability.

Job Creation

The job creation requirement is waived for the micro loan program, but the borrower is expected to work full-time at the funded business.

Fees

A non-refundable application fee of \$50.00 is due when the application is submitted.

These Guidelines and applications can be found on the GREEN RIVER FUTURES web page: www.greenriverfutures.com.

This is an equal opportunity program. Discrimination is prohibited by Federal law. Complaints of discrimination may be filed with the Secretary of Agriculture, Washington, DC 20250.