Revolving Loan Fund Policies

I. Revolving Loan Fund Interest Rate Policy

A. For-profit organizations will be charged a base rate of 3%.

B. Not-for-profit organizations will be charged a base rate of 2%.

II. Revolving Loan Fund Administrative Fee

A. An administrative fee of 1% of the outstanding loan principal amount will be charged on the first day of each year of the loan term.

III. Revolving Loan Fund Other Fees & Costs

A. The loan recipient will be charged actual costs of closing the loan including but not limited to recording fees, appraisal fees and attorneys' fees.

Stuart Municipal Utilities
RLF Energy Efficiency Program

Introduction
In an effort to assist with economic development efforts in and around the community, the Board of Trustees of the Stuart Municipal Utilities (SMU) created a revolving loan fund (RLF) with assistance from the USDA Rural Development's Rural Economic Grant Program. SMU received $300,000 in grant funds and provided $60,000 in matching funds to create the RLF. The initial recipient of RLF loan fund was the renovation and construction of the Saints Center for Culture and the Arts. With the project complete and the loan in repayment, the SMU RLF is now available to area non-profits organizations and businesses, offering low-cost, alternative financing for business expansion projects.

While the SMU Board of Trustees is excited about this new general financing tool in the community, it also feels that improving Energy Efficiency is an important goal for area businesses. As such, SMU has developed a special program targeting these RLF funds towards that goal.

Program Purpose: Promote and encourage energy efficiency improvements at SMU's commercial customers.

Program: Special financing for qualifying energy efficiency projects. Loans would be available for up to a maximum term of 10 years.

Eligibility: The RLF Energy Efficiency Program is available to all of SMU's commercial accounts. To be eligible, the business account must be classified as a Commercial Light (CL), Commercial Power (CP) or Commercial Industrial (CI) account. Proposed improvements must be completed by a licensed contractor.

Qualifying Activities: Qualifying Commercial Energy Efficiency Projects include:

- Air Source Heat Pumps
- Air Conditioning Systems
- Insulation
- Lighting
- Geothermal & Water Source Heat Pumps
- Heat Recover Ventilators
- Refrigeration

Loan Terms & Requirements:

- Commercial Account must contribute at least 20% of the qualifying project cost
- Minimum Loan of $5000 (Requires minimum qualifying project cost of $6000)
- Maximum Loan of $25,000
- Interest Rates vary based on cost share contribution of business
  - If business contributes 20-49% of the project cost, maximum loan term is 5 years; normal interest RLF interest rates apply (currently 2% non-profit/3% all others)
  - If business contributes 50% of project cost or more, maximum loan term is 10 years and interest rate is 0% for the term of the loan
- An annual 1% Administrative Fee will charged on all loans and collected with monthly payment
- To qualify, business must have satisfactory SMU payment history for at least the 12 months prior to making application.
- Required Collateral: Mortgage lien against building improved.
  - RLF EE Loan must be in at least 3rd lien position to qualify
  - Please note that if the RLF loan approved is above $20,000 a mortgage lien title search will be required to verify lien position. This fee will be due at the time of loan approval.
- Loan proceeds will be disbursed on a reimbursement basis.

Stuart Municipal Utilities
Revolving Loan Fund Program

Introduction
In an effort to assist with economic development efforts in and around the community, the Board of Trustees of the Stuart Municipal Utilities (SMU) created a revolving loan fund (RLF) with assistance from the USDA Rural Development's Rural Economic Grant Program. SMU received $300,000 in grant funds and provided $60,000 in matching funds to create the RLF. The initial recipient of RLF loan fund was the renovation and construction of the Saints Center for Culture and the Arts. With the project complete and the loan in repayment, the SMU RLF is now available to area non-profits organizations and businesses, offering low-cost, alternative financing for business expansion projects.

Program Purpose: To assist local businesses and local non-profit organizations in our community with expansion projects which create jobs and/or provide benefits to our rural community.

Program: A revolving loan fund with loan terms up to a maximum term of 10 years.

Eligibility: Businesses, non-profit organizations, governmental units, including the municipalities, counties, school districts and hospitals.

Qualifying Activities: Capital Expenditures relating to any of the following:
Industrial / Commercial Development

- Small Business Expansions or Startup
- Community Infrastructure
- Community Facilities
- Medical Facilities
- Training/Education Facilities
- Tourism

Ineligible Activities*: Including but not limited to:

- Refinancing of existing debt
- Projects without minimum supplemental financing
- Projects related to normal replacement needs
- Projects that move employment or business activity more than 25 miles of existing location
- Agriculture production
- Projects that are primarily working capital
- General Consumer or Residential Purposes

* For a complete list of ineligible activities, please request a copy of the SMU RLF Plan

In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, age, disability, religion, sex, and familial status. (Not all prohibited bases apply to all programs).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

Loan Terms & Requirements:

- Project must include at least 20% of other financing
- Minimum Loan of $25,000 (Requires minimum project cost of $31,250)
- Maximum Loan of: Available Balance of RLF
- Interest Rates vary based on project type. Current base rates are:
    - For-profit organizations will be charged a base rate of 3%.
    - Not-for-profit organizations will be charged a base rate of 2%.
- An annual 1% Administrative Fee will charged on all loans and collected with monthly payment
- Other Out of Pocket Expenses to be paid by borrower
- Loan Term shall not exceed 10 years and will typically be based on the following schedule dependent upon loan purpose and collateral offered:
    - Building/Real Estate 10 years
    - Machinery & Equipment 2 to 7 years
    - Computers 2 years
- To qualify, business must have satisfactory SMU payment history and/or other satisfactory credit history for at least the 12 months prior to making application.
- General Collateral Requirements:
    - Mortgage lien on real property
    - Machinery and equipment which have a developed market
    - Letter(s) of credit from acceptable financial institution(s).
    - Securities issued by the Federal government or its agencies
- Loan proceeds will be disbursed on a reimbursement basis.

ECONOMIC DEVELOPMENT REVOLVING LOAN FUND APPLICATION

I. BASIC INFORMATION

Name of business: _____
Address: _____
City: _____ Zip Code: _____
Business contact person: _____Phone: (_____)_____
Federal Tax ID (Social Security #if business is a sole proprietorship): _____

Other contact(s)/application assistance providers:

Name	Telephone #
_____	(_____) _____
_____	(_____) _____
_____	(_____) _____

Type of business;

_____Sole Proprietorship _____ Partnership _____ Corp. _____L.L.C.

Have you ever filed personal or corporate bankruptcy? No___ Yes___ If yes, please explain
_____

II. NATURE OF THE LOAN REQUEST

Amount of loan request $ _____ Total Project Cost $_____
New Business _____ Business Expansion _____
# of existing jobs _____ # of jobs created _____ #of jobs retained _____

III. FINANCING PURPOSE AND SOURCES

Purposes for which funds are to be used	**RLF**	**Bank #1**	**Bank #2**	**Other #1 (Specify)**	**Other #2 (Specify)**	**New Equity**	**TOTAL**
Property Acquisition	_____	_____	_____	_____	_____	_____	_____
Site Improvements	_____	_____	_____	_____	_____	_____	_____
Building Renovation	_____	_____	_____	_____	_____	_____	_____
New Construction	_____	_____	_____	_____	_____	_____	_____
Machinery & Equipment	_____	_____	_____	_____	_____	_____	_____
Working Capital	_____	_____	_____	_____	_____	_____	_____
Inventory	_____	_____	_____	_____	_____	_____	_____
Other (Specify)	_____	_____	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____	_____	_____

TOTAL PROJECT COSTS

IV. FINANCING TERMS AND CONDITIONS

	RLF	Bank #1	Other #1 Bank #2	Other #2 (Specify)	New (Specify)	Equity	TOTAL
Amount							
% of Project Costs							
Term (years)							
Interest Rates							
Debt Service							
Collateral Offered:							
Asset							
Lien Position							
Collateral Offered:							
Asset							
Lien Position							

Participating Bank #l: _____

Contact Person: _____ Phone #: (_____) _____

Participating Bank #2: _____

Contact Person: _____ Phone #: (_____) _____

Other Lender #l: _____

Contact Person: _____ Phone #: (_____) _____

Other Lender #2: _____

Contact Person: _____ Phone #: (_____) _____

V. BUSINESS PLAN OUTLINE

A. History of Business

Briefly describe the past operation of the business and/or the events leading to its creation.

B. Market Analysis and Strategy

1. Description of current buyers and target markets (provide verification of purchase orders, contracts, etc., which relate to reasons for the loan request)
2. Competition
3. Pricing
4. Distribution
5. Advertising
6. Sales Promotion

C. Products

1. Description of product line
2. Proprietary position of patents, copyrights, legal and technical considerations
3. Comparison to competition

D. Manufacturing Process

1. Materials
2. Production Methods

E. Financial Projects

1. Monthly Cash Flow Analysis for Next 12 Months
2. Profit and Loss Statement: last three years and current quarter, plus two-year projection.
3. Balance Sheet: last three years and current quarter, plus two-year projection.

F. Schedule of Existing Business Debt

List outstanding balance, interest rate, term, maturity date, and collateral on all existing debt.

G. Statement of Proposed Collateral

A detailed list of all collateral offered, its value, and security position by funding source.

H. Resumes and Personal Financial Statements

Include resumes of all principals as well as current, dated, and signed personal financial statements on all principals with a significant financial interest in this business.

I. Commitment Letters

Include Commitment letters from banks or others which state the terms and conditions of their participation.

J. Affiliates

Description of any affiliates or subsidiaries of business or principals requesting assistance, as well as balance sheets and income statements for past two fiscal years on such affiliates or subsidiaries.

K. Appraisals/Proposed Lease/Purchase Options or Agreements

An independent appraisal will be required for any real estate which is a subject of the proposed financing or which is offered as a major source of collateral to secure the loan. Also include copies of existing or proposed leases(s), purchase options or agreements, or any other financial arrangements.

L. Partnership Certificate of Authorization or Corporate Certificate of Authority and Incumbency; include minutes of the corporate meeting adopting this certification, where Applicable.

VI. OTHER REQUIRED DOCUMENTS

1. Copy of last year's submitted business income tax statement.
2. Copy of last year's submitted personal income tax statement.
3. Evidence of payment of last quarter's payroll tax.
4. Evidence of Worker's Compensation insurance coverage.

VII. CHECK LIST FOR FINAL APPLICATION

The following is a checklist of the information and documentation necessary to submit a final application.

_____A. History of Business
_____B. Market Analysis and Strategy
_____C. Products
_____D. Manufacturing Process
_____E. Financial Information
1. Monthly Cash Flow Analysis for Next 12 Months
2. Profit and Loss Statements: last three years, current statement (less than 90 days) and two year projections
3. Balance Sheet: last three years, current, and two year projections

_____F. Schedule of Business Debts
_____G. Statement of Collateral
_____H. Resumes and personal Financial Statements
_____I. Commitment Letters
_____J. Affiliates
_____K. Appraisals/Proposed/Lease/Purchase Agreements
_____L. Corporate/Partnership Authorization

VIII. ADDITIONAL ATTACHMENTS

_____1. Copy of last year's submitted business income tax statement.
_____2. Copy of last year's submitted personal income tax statement.
_____3. Evidence of payment of last quarter's payroll tax.
_____4. Evidence of Worker's Compensation insurance coverage.
_____5. Supporting Resolution from Cooperative Board

TO BE SIGNED BY APPLICANT

I have willfully furnished this confidential information to Stuart Municipal Electric Utility for the purpose of applying for a loan. I understand that this information will be reviewed by RLF staff and the REC Board of Directors. I further understand that this information will become available to the Revolving Loan Fund Loan Review Committee. I further authorize RLF staff to be in contact with those individuals and institutions involved in the proposed project.

I also acknowledge that if this loan application is approved, I agree to pay an annual servicing fee of up to 1%. I further agree to provide periodic financial statements to the Stuart Municipal Electric Utility when requested.

_____ _____
Applicant's Signature Date

NONDISCRIMINATION STATEMENT

In Accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status. (Not all prohibited bases apply to all programs.)

To file a complaint of discrimination, write USDA Director Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an Equal Opportunity provider and employer.

IMPORTANT NOTICE

The following information is requested by the Federal Government in order to monitor compliance with Federal Laws prohibiting discrimination against applicants seeking to participate in the program. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, we are required to note the race/national origin of individual applicants on the basis of visual observation or surname.

Ethnicity:

Hispanic or Latino_____
Not Hispanic or Latino_____

Race: (Mark one or more)

White _____ Black or African American _____
American Indian/Alaska Native _____ Asian _____
Native Hawaiian or Other Pacific Islander _____

Sex: Male_____
Female_____

Information provided by: Borrower_____
Lender_____