

MONTANA BOARD OF INVESTMENTS VALUE-ADDED LOAN PACKAGE

This file was created in Microsoft Word and contains the following items:

Page A 1 – A 4..... Coal Tax Trust Value-Added Loan Policy
Page H 1 – H 6..... Value-Added Loan Application

General parameters for the Value-Added Loan Program:

- ◆ The Montana Board of Investments (MBOI) participates only with approved Lenders in making loans to Montana businesses.
- ◆ Lenders originate all loans and submit loan applications.
- ◆ Appropriate representatives of the Lender and the Borrower must sign the application.
- ◆ The Montana business must be a “value-added” business as defined in the attached policy.
- ◆ The Montana business must create or retain at least 10 jobs.
- ◆ The term “jobs” as it relates to program eligibility is defined in the attached policy.
- ◆ The term "Applicant" means a Lender approved by the MBOI.
- ◆ The term "Borrower" means the business applying for a loan through the Lender.
- ◆ The MBOI may participate in construction financing at the request of the Lender.
- ◆ Borrowers must provide preference to Montana labor when constructing projects.
- ◆ Project construction contractors may be subject to prevailing wages as per policy.
- ◆ MBOI loan participation is 75.0 percent - Lender participation is 25.0 percent.
- ◆ Lender service fee is limited to one-half percent on the participated portion.
- ◆ MBOI interest rates and maximum loan term are set by law.
- ◆ Reservation fees or interest rate “lock” fees are not required.
- ◆ Loan prepayments penalties are not permitted.
- ◆ Minimum loan size is \$250,000, of which the MBOI would purchase 75%.
- ◆ Maximum loan size (the 75% MBOI’s share) limited to 1.0 percent of the Coal Tax Trust.
- ◆ Maximum outstanding loan amount for all loans limited to \$70.0 million.
- ◆ Interest rate reductions for job credit and small business loans are not available.
- ◆ MBOI shares proportionately in all security or guaranties obtained by the Lender.
- ◆ No bonuses or dividends can be paid to investors as long as the loan is outstanding, except as provided by 17-6-317(5)(b)(c) MCA.

Loan Application Use:

The Value-Added Loan Applications may be used only for the Value-Added Coal Tax Trust loan program. Additionally, policies attached to this application refer specifically to the Value-Added loan program. Commercial Coal Tax Trust loans, Infrastructure loans, and all Multi-Tenant Housing loans use a separate loan application and set of policies.

Utilizing The Electronic Application:

Application is a Microsoft Word document with field codes where data and checkmarks are entered.

If the field codes are visible on screen press Alt F9 - **codes should not be visible.**

If field codes print, select "Tool", "Options", "Print" and uncheck "Field Codes"

The F11 key will locate the first entry field in the application form.

The F11 key will locate the next data or check field in the electronic application form.

Shift F11 will locate the preceding data or check field in the electronic forms.

With the cursor on Page H1, the F11 key will locate the first entry field in the fee form.

For assistance call Doug Hill at (406) 444-1217 or email at dhill@mt.gov

1. GENERAL LOAN PROVISIONS

- (a) Fees to reserve funds or lock interest rates are not required. Reservation considered effective upon receipt of application.
- (b) Borrower must operate a value-added business, examples of which are listed in Section 4.
- (c) The MBOI may develop questionnaires/check list to assist in the determination of value-added eligibility.
- (d) Loan term limited to 15 years from date of note, including any construction financing, if MBOI participates in the construction loan.
- (e) MBOI's share of the total loan is 75% - Lender's share is 25.0%.
- (f) Minimum loan size is \$250,000, of which the MBOI purchases 75.0%.
- (g) Maximum loan size (MBOI's 75.0% Share) is 1.0% of the Permanent Coal Tax Trust.
- (h) Borrower must provide equity of at least 25.0% of the total loan amount.
- (i) Borrower's creating or retaining 10 to 14 full-time jobs are entitled to a 4.0% initial interest rate on participated loan amount.
- (j) Borrower's creating or retaining 15 full-time jobs are entitled to a 2.0% initial interest rate on participated loan amount.
- (k) If at any time during the term of the loan, the business and all the required jobs are moved out of state, the MBOI may request the Lender to repurchase the participated loan amount.
- (l) Except as provided in section (m), a business receiving a Value-Added Loan may not pay bonuses or dividends to investors until the loan has been repaid. Incentives may be paid to employees for achieving performance standard or goals.
- (m) A public utility regulated by the public service commission in accordance with Title 69 or a business enterprise for the production of alcohol to be used as provided in Montana Code Annotated Title 15, chapter 70, part 5, may pay dividends to investors and bonuses to employees if the business enterprise is current on its loan payments and has available funds equal to at least 15% of the outstanding principal balance of the loan. For purposes of this policy, available funds are considered to be cash and cash equivalents plus trade receivables minus total current liabilities, and such funds shall be calculated using Generally Accepted Accounting Principles. The borrower shall furnish annual audited financial statements satisfactory to the Lender and the MBOI within 120 days after the end of the period covered.

2. JOB CREATION/RETENTION REQUIREMENTS

- (a) A "Job" equates to a dollar value equal to the state's Private Annual Wage (base).
- (b) The state's Private Annual Wage is posted on the MBOI's web page on the Commercial Loan Rate Sheet.
- (c) If jobs pay less than the base, more jobs must be created or retained to meet the jobs eligibility threshold.
- (d) If jobs pay more than the base, fewer jobs may be created or retained to meet the jobs eligibility threshold.
- (e) A job paying less than the State of Montana minimum wage does not count towards the jobs eligibility threshold.
- (f) The table below illustrates jobs eligibility calculations using the fiscal year 2019 "Private Annual Wage" as a base.

This table is for illustration purposes only as the base salary is revised annually on July 1.

Value – Added Loan Policy & Application

Approved February 11, 2020

Jobs Created/Retained	Average SalaryPaid *	Aggregate SalariesPaid		Interest Rate First 5 Years
15	41,250	618,750	Aggregate Salaries Required For=>	2.00%
13	47,956	618,750	Aggregate Salaries Required For=>	2.00%
10	61,875	618,750	Aggregate Salaries Required For=>	2.00%
8	77,344	618,750	Aggregate Salaries Required For=>	2.00%
10	41,250	412,500	Aggregate Salaries Required For=>	4.00%
8	51,562	412,500	Aggregate Salaries Required For=>	4.00%
7	58,929	412,500	Aggregate Salaries Required For=>	4.00%
6	68,750	412,500	Aggregate Salaries Required For=>	4.00%

* \$41,250 is the private annual wage effective July 1, 2018 – Excludes benefits.

- (g) During the terms of reduced interest rates, the borrower must annually submit appropriate payroll documents to the MBOI to certify the number of jobs maintained or retained.
- (h) Borrowers applying for a loan under the “retention” provision must submit all financial statements and business plans required by the MBOI to assist the MBOI in determining if a Value-Added Loan will prevent the elimination of jobs.

3. INTEREST RATE SETTING PROCEDURES

- (a) During construction financing or permanent loan funding, prior to the borrower’s meeting the minimum job_requirements, the interest rate will be set at the Commercial Loan Program’s posted rate (The Commercial Loan Rate Sheet posted on the MBOI’s Web Page).
- (b) Once the 10 or 15 jobs eligibility requirement is met and certified to the MBOI, the interest rate will be reduced to the level appropriate to the number of jobs created/retained.
- (c) The table below illustrates how the interest rates would be set for the 15-year term of a loan when the jobs are created/retained at some point in time after the loan is funded. **This table is for illustration purposes only. The posted rate changes weekly. The timing of the job creation is estimated to be 12 months.**
- (d)

Key Dates	Start Date	End Date	10-14 Jobs	15 Jobs	Terms
Loan Funded *	07/01/01	06/30/02	7.25%	7.25%	12 Months
Jobs Created	07/01/02	06/30/07	4.00%	2.00%	60 Months
2nd Graduation	07/01/07	06/30/11	6.00%	6.00%	60 Months
Final Graduation	07/01/12	06/30/16	7.25%	7.25%	48 Months
Maximum Term					180 Months
*The MBOI’s posted rate when a complete Value-Added Loan Application is received by MBOI staff for					

- (e) During the 60-month period, the interest rate is set at 2.0 % or 4.0 %, and the MBOI may:
 - i. Increase the interest rate if 5 of the required 10/15 jobs are eliminated.
 - ii. Increase the interest rate to the MBOI’s posted commercial loan interest rate if more than five of the required jobs are eliminated.
- (f) All rate changes are effective on the payment date following approval.

4. VALUE-ADDED BUSINESS EXAMPLES

Although businesses may be reviewed on a case-by-cases basis, the following are examples of specific businesses that would or would not qualify for the Value-Added Loan Program.

Wood Products:	Loan Eligibility
Logging	NO
Timber Tracts	NO
Christmas Tree Farm	NO
Tree Nurseries	NO

Log Home Crafters	YES	
Modular Home Manufacturers	YES	
Saw Mills	YES	
Wood Components (Trusses, Beams, Wall Panels)	YES	
Chip Mill	YES	
Pulp Mills	YES	
Manufacturing:	Loan Eligibility	
Businesses engaged in the mechanical, physical or chemical transformation of materials, substances or components into new products that meets the North American Industry Classification System (NAICS) classification of manufacturing	YES	
Agriculture:	Loan Eligibility	
Farming		NO
Ranching		NO
Orchards		NO
Crop Harvesting		NO
Landscaping		NO
Retail Plant Nurseries		NO
Wholesale Plant Nurseries	YES	
Retail Bakeries		NO
Wholesale Bakeries	YES	
Sugar Refinery	YES	
Cattle Feed Lots	YES	
Dairies	YES	
Winery	YES	
Meat Processing Plants	YES	
Grain Milling And Processing	YES	
Information Technology:	Loan Eligibility	
Printing/Publishing		NO
Internet Service Provider (ISP)		NO
Call Centers		NO
Data Transmission Lines		NO
Computer Consultant Services		NO
Software Production & Licensing	YES	
Computer Hardware Manufacturing	YES	
Construction:	Loan Eligibility	
Businesses meeting the NAICS definition of a heavy medium or light construction enterprise.		NO

5. COLLATERAL AND OTHER UNDERWRITING REQUIREMENTS:

- (a) First mortgage/lien position shared proportionately with Lender.
- (b) Collateral must have sufficient economic life to support the term of the loan.
- (c) Loan-To-Value is based on lesser of reasonable project costs (including architecture, engineering and capitalized interest) or market value appraisal.
- (d) Personal guaranties as required by Lender to be shared proportionally with the MBOI.
- (e) Loans for projects on leased land will be considered if the lease does not expire prior to loan maturity.
- (f) Collateral documents must contain due-on-sale clauses, requiring Lender's consent prior to loan transfer.
- (g) Environmental risk assessment as required by Lender.
- (h) If Lender requires, an attorney opinion on authority of borrower to borrow and all collateral documents.
- (i) Other collateral as required by the Lender or the MBOI.
- (j) Escrow impounds may be required for taxes and hazard insurance when Loan-To-Value exceeds 50%.
- (k) Commercial Loan Policy underwriting criteria will also be considered.
- (l) The MBOI may require additional due diligence and research on loans at its sole discretion.

6. LENDER REQUIREMENTS:

- (a) A participating private financial institution may charge interest in an amount equal to the national prime interest rate, adjusted on January 1 of each year, but the interest rate may not be less than 6% or greater than 12%.
- (b) At the borrower's discretion, the borrower may request the lead Lender to change this prime rate to an adjustable or fixed rate on terms acceptable to the Borrower and Lender. However, the interest rate may not be less than 6% and no greater than 12%.
- (c) Lenders may require Borrower to provide guaranties.
- (d) Any federal guaranties provided are shared 75.0% to the MBOI and 25.0% to the Lender.
- (e) A participating private financial institution or lead private financial institution if more than one is participating, may charge a 0.5% annual service fee on the participated loan amount.
- (f) The loan agreement must contain provisions providing for pro rata lien priority and pro rata liquidation provisions based upon the loan percentage of the MBOI and each participating private Lender.
- (g) If a portion of a loan made pursuant to this section is for construction, disbursement of that portion of the loan must be made based upon the percentage of completion to ensure that the construction portion of the loan is advanced prior to completion of the project.
- (h) A private financial institution shall participate in a loan made pursuant to this section to the extent of 85% of its lending limit or 25% of the loan, whichever is less. However, the MBOI's participation in the loan must be 75% of the loan amount.
- (i) Lender will have an initial 365 days from the date the application is received by MBOI to close, fund and participate the Value-Added Loan with MBOI.
- (j) If the project for which the loan proceeds will be utilized is not completed within the initial 365-day period, up to two additional 365-day increments may be granted upon written request from the Lender for each requested extension.
- (k) The loan must be closed prior to the expiration of the commitment letter.
- (l) Funding documents required in the commitment letter must be received within ninety (90) days after the first principal and interest payment date of the project term note or the commitment date expiration, whichever comes first.

7. APPRAISALS

- (a) Licensed Montana appraisers are preferred unless a specialized property collateral requires an out-of-state appraiser.
- (b) The following appraisal requirements apply to all appraisals irrespective of the Lender's appraisal or loan policy appraisal requirements.
- (c) Real Property appraisal requirements are shown below:

Appraisal requirements are based on the total loan amount:

Up To \$500,000 As required by Lender to provide basis for value

Over \$500,000 Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.

8. PROJECT SPECIFIC REQUIREMENTS:

- (a) Any contract to construct a project financed by loan proceeds must require all contractors to give preference to the employment of bona fide Montana residents, as defined in 18-2-401, in the performance of the work on the projects if their qualifications are substantially equal to those of nonresidents. "Substantially equal qualifications" means the qualifications of two or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other persons.
- (b) If the MBOI participates in construction financing and its share of the loan equals or exceeds \$1.5 million, the general contractor and all subcontractors shall be subject to Montana's prevailing wage law specified in Title 18, Chapter Two, Part 4, MCA.

<i>(Electronic Copy)</i>	<i>(Shaded Area For MBOI Use Only)</i>
Send Application and Exhibits To: Loan Application, Value-Added Loan Program Montana Board of Investments P.O. Box 200126 Phone (406) 444-0001	Helena, Mt. 59620-0126 Fax (406) 449-6579
Applications To Be Submitted By Approved Lenders Only	MBOI Loan # Date Received: By:

All Sections of the Application must be completed

PART I - LENDER SECTION			
Lender→		Legal Business Name→	
Lender Representative→		Borrower Name→	
Lender Phone→		Business City/County→	

SECTION A: LENDER PROPOSAL

Lender And MBOI Share		Interest Rates To Borrower		Lender Interest Rate (Range 6%-12%)	
Lender→	\$ 25%	Lender's Share→	%	Prime As of Last January 1→	%
MBOI→	\$ 75%	MBOI Rate→	%	Other Negotiated Rate→	%
Total→	\$ 100%	Service Fee→	%	Lender Share Gross Rate→	%
Loan to Collateral Value→	%	MBOI Rate With Fee→	%	Adjustment Frequency→	
Lender's Risk Rating→		Net Blended Rate→	%	Base Rate Source→	National Prime
Borrower Fees		Loan Maturity/Payments			
Lender Origination Fee→	\$	Years/Months→	15/180		
Other Fees→	\$	Payment Frequency→			
Total Fees→	\$	Payment Amount→	\$		
Explain Other Fees→		Payment To The MBOI→	\$		

SECTION B: LENDER LOAN ANALYSIS

Use **Exhibit A** to provide the Lender Credit Presentation. The Presentation must address the following items:

1. Financial Statements with balance sheet and ratio analysis - comment on trends and relevant ratios
2. Lender's analysis of Borrower repayment ability (i.e. profitability)
3. Management skills of the Borrower
4. Collateral offered and lien position and analysis of collateral adequacy
5. Lender's credit experience with the Borrower
6. Terms, conditions, collateral, financial spreads
7. Current report on the Borrower's credit history or Dun & Bradstreet's report on the Borrower and Guarantor, if any

SECTION C: LENDER'S PROPOSED CONDITIONS

*	Check On Line For Items Required		
	1) First Mortgage or First Deed of Trust on→ <input style="width:300px;" type="text"/>		
	2) First lien of machinery, equipment, furniture/fixtures, inventory, accounts receivable, contractual rights now owned or hereafter acquired. To be taken by Financing Statement and Security Agreement. Lien search required.		
	3) For Partnership Note must be executed by→ <input style="width:200px;" type="text"/> as individual(s) and as partner(s)		
	4) Hazard insurance satisfactory to bank.		
	5) Life insurance assignment in the amount of→ \$ <input style="width:80px;" type="text"/>	on life of→	<input style="width:150px;" type="text"/>
	Life insurance assignment in the amount of→ \$ <input style="width:80px;" type="text"/>	on life of→	<input style="width:150px;" type="text"/>
	6) Prior to disbursement, Borrower will furnish a certificate from the County Treasurer showing that all real and personal property taxes are paid to date (if applicable).		
	7) Standby/Subordination agreement executed by→ <input style="width:200px;" type="text"/>	in the amount of→	<input style="width:80px;" type="text"/>
	Standby/Subordination agreement executed by→ <input style="width:200px;" type="text"/>	in the amount of→	<input style="width:80px;" type="text"/>
	8) Assignment of lease with right of reassignment and lessor's consent thereof, which lease shall be for a term of not less than→ <input style="width:50px;" type="text"/> years and shall cover the property at→ <input style="width:150px;" type="text"/>		
	9) Assignment of lessor's interest in lease(s) and rents		
	10) Personal Guaranties of→ <input style="width:200px;" type="text"/>	and→	<input style="width:150px;" type="text"/>
	Partnership Guaranties of→ <input style="width:200px;" type="text"/>	and→	<input style="width:150px;" type="text"/>
	Corporate Guaranties of→ <input style="width:200px;" type="text"/>	and→	<input style="width:150px;" type="text"/>
	11) Borrower shall furnish, annual, semi-annual, quarterly, or monthly financial statements satisfactory to the Lender and MBOI within→ <input style="width:50px;" type="text"/> days after the end of the period covered.		
	12) Escrows to be established and maintained by Lender for payment of taxes and insurance.		
	13) Reserve account to be established and maintained by Lender in the amount of→ <input style="width:50px;" type="text"/> % of sales/rents/depreciation to be used for repairs/replacements		
	14) Other (Please specify) → <input style="width:400px;" type="text"/>		

As a condition of MBOI participation in the proposed loan, the MBOI reserves the right to request changes, amendments, or additions to the Lender's terms and conditions described herein.

SECTION D: LENDER SIGNATURE AND CERTIFICATION

<p>The Lender is an approved MBOI Lender, has reviewed the entire application, including portions completed by Borrower, and has determined that the application is complete and accurate. Subject to the terms and conditions specified in Part I of this application, the Lender will originate the loan if the MBOI approves the loan. Further, the Lender certifies that this loan has not been classified by the most recent examination report of this financial institution, that no other loans outstanding for this Borrower, Signatories, or Guarantor have been classified and that this loan has been approved at the highest management level required by the Lender's loan policy.</p>			
Lender→	<input style="width:95%;" type="text"/>	Lender Rep→	<input style="width:95%;" type="text"/>
Address→	<input style="width:95%;" type="text"/>	Title→	<input style="width:95%;" type="text"/>
City/ST/ZIP→	<input style="width:95%;" type="text"/>	Phone→	<input style="width:95%;" type="text"/>
Signature→	<input style="width:95%;" type="text"/>	Date→	<input style="width:150px;" type="text"/>
		E-Mail→	<input style="width:150px;" type="text"/>

PART II - BORROWER SECTION

SECTION E: BORROWER INFORMATION

Legal Business Name→		Business Rep→	
Borrower Name →		Title→	
Business NAICS Number→		Phone→	
Employer I. D. #→		Address→	
RMA Code→		City/State/ZIP→	
Date Established→			
* Borrower is	* Loan is for	* Value-Added Loan Provisions	
<input type="checkbox"/> Individual	<input type="checkbox"/> Existing Business	<input type="checkbox"/> 10–14 Jobs Created/Retained	
<input type="checkbox"/> Partnership	<input type="checkbox"/> New Business	<input type="checkbox"/> 15 Jobs Created/Retained	
<input type="checkbox"/> Limited Liability Company (LLC)	<input type="checkbox"/> Existing Business Purchase	<input type="checkbox"/> Construction Financing Requested	
<input type="checkbox"/> Non-Profit Corporation	<input type="checkbox"/> Landlord Properties	Gross Annual Salaries of Created/Retained	
<input type="checkbox"/> Individual dba sole proprietorship	<input type="checkbox"/> Refinancing	Jobs Excluding Benefits→	
<input type="checkbox"/> Limited Partnership/LLP	<input type="checkbox"/> Other (Explain) →		
<input type="checkbox"/> Corporation State of Incorporation→		Date of Incorporation→	
List the names and residences of those persons with ownership interest in the business.			
Name→	Title→	City/State→	% Ownership→
			%
Name→	Title→	City/State→	% Ownership→
			%
Name→	Title→	City/State→	% Ownership→
			%
Name→	Title→	City/State→	% Ownership→
			%
Generally describe business history, products, services, and current business plans. Use Exhibit B to describe in detail how the business will add value to a product, material or intellectual product. ↓			

SECTION F: ECONOMIC IMPACTS

Provide brief description of estimated overall potential economic impacts of the project. ↓			
Business Type→		Annual Payroll With Benefits→	\$
Project Location, City/County→		Average Salary With Benefits→	\$
Annual Gross Revenues→	\$	Annual State Fuel Tax→	\$
# New Jobs Created→		Annual Property Tax→	\$
# New Jobs Filled by Montanans→		Annual State Income Tax→	\$
# Existing Jobs Retained→		Annual Purchase of Montana Services/Goods→	\$
% Of Business Products/Services Estimated To Be Sold Out-Of-State or to Out-Of-State Residents→			%

SECTION G: ENVIRONMENTAL IMPACTS

If existing business, is business in compliance with all Federal/State environmental and health standards→	
If governmental environmental permits are required, have the permits been obtained→	
Describe below the potential environmental impacts caused by the proposed project. ↓ If none, check here→	

SECTION H: PURPOSE OF LOAN AND USE OF LOAN PROCEEDS

Describe project and uses of loan proceeds. Examples of use would be for personnel, manufacturing equipment, facility, warehouse, or welding shop. If facility is to be leased, list the name of the lessee(s) and a description of the uses of the project by all the principal lessees ↓

If real property, provide appropriate addresses complete legal description; if non-mobile personal property, give legal description and location where personal property will be installed and used.

Street/City/County/State→	
Legal Description→	

Use of Loan Proceeds		Collateral Summary			
Land Acquisition→	\$	If loan collateral consists of Land/Buildings, Accounts Receivables, or Inventory, fill in the appropriate blanks. If collateral is Machinery, Equipment, Furniture, Fixtures, or Other, fill in the appropriate blanks and provide an itemized list containing serial and identification numbers for all articles with an original value greater than \$1,000 labeled as Exhibit P .			
New Plant or Building→	\$				
Building Expansion/Repair→	\$				
Machinery and Equipment→	\$				
Inventory Purchase→	\$				
Working Capital→	\$				
Acquire Existing Business→	\$				
Existing Debt→	\$				
Other→	\$				
Total Proceeds→	\$				
Total Other Financing→	\$	Collateral Type	Market Value	Unpaid Balance	Depreciated Cost
Total Project Costs→	\$	Land and Buildings→	\$	\$	\$
		Machinery/Equipment→	\$	\$	\$
		Furniture/Fixtures→	\$	\$	\$
		Accounts' Receivables→	\$	\$	\$
		Inventory→	\$	\$	\$
		Other→	\$	\$	\$
		Total Collateral→	\$	\$	\$

List other sources of equity and debt financing accounting for the difference between loan request and total project cost.

Source→		Collateral/Security Position→		Amount→	\$
Source→		Collateral/Security Position→		Amount→	\$
Source→		Collateral/Security Position→		Amount→	\$
Source→		Collateral/Security Position→		Amount→	\$
Total Other Financing →					\$

SECTION I: CURRENT BORROWER DEBT

List below all Borrower installment debts, contracts, notes, and mortgages payable. **Asterisk (*) debt to be paid by loan proceeds and reason for paying same.** (If present balance does not agree with latest balance sheet, please explain.)

To Whom Payable	Original Amount	Original Date	Present Balance	Interest Rate	Maturity Date	Monthly Payment	Collateral/Security	Current Y N	
	\$		\$	%		\$			
	\$		\$	%		\$			
	\$		\$	%		\$			
	\$		\$	%		\$			
	\$		\$	%		\$			
	\$		\$	%		\$			

SECTION J: BORROWER CHECKLIST

Please submit the following information and exhibits on separate sheets. **All exhibits must be signed and dated by the appropriate Borrower representative.**

Exhibit A. Lender Credit Presentation information. Please refer to Page H1 Section B Lender, Loan Analysis for a list of specific items that must be addressed in this exhibit.

Exhibit B. Describe in detail how the business will add value to a product, material or intellectual construct. Please refer to the MBOI Value-Added Policy statement attached to this application.

Exhibit C. Describe in detail the number of jobs created or retained, salaries paid, and the estimated time period for job creation.

Exhibit D. Furnish current (within 90 days) dated and signed personal balance sheet for each general partner and guarantor. Tax Returns may also be required to supplement this information.

Exhibit E. Does Borrower, principal owners, key employees, or directors operate any closely related affiliates, subsidiaries or branches? If yes, please provide their names and relationship to the business along with the most recent balance sheet and operating statement for each. If not, check here→

Exhibit F. Has Borrower or Borrower's officers/owners ever been involved in bankruptcy or insolvency proceedings? If so, please provide details. If not, please check here→

Exhibit G. Is there pending or threatened litigation/administrative proceeding/investigations involving the Borrower, its officers, directors, management, or guarantors, that if adversely decided would affect the Borrower's/Guarantors' ability to perform obligations required by this loan or to operate the business? Has Borrower, officers, directors, management, or Guarantors ever been convicted of a felony? If yes, provide details. If not, check here→

Exhibit H. Include Balance Sheet, Profit and Loss Statement for last 3 years and the same statements dated within 90 days of submitting application. If statements are not independent accountant-prepared reviewed or audited statements, please include complete business tax returns for the past three years. Also include a 1-year earnings projections for existing business and a 2-year earnings projection for new businesses.

Exhibit I. Provide brief business history, resumes of all officers and management personnel, and a paragraph describing the expected benefits the business will receive from the loan. If the business is a partnership, also enclose a copy of the partnership agreement.

Exhibit J. Provide copies of real estate, major equipment leases, and franchise agreements in effect. If a franchise, include a copy of the FTC disclosure statement supplied by franchiser. If none, check here→

Exhibit K. Include a business plan.

Exhibit L. List approvals of public agencies, or other conditions, which have been obtained or satisfied or which are required prior to the financing, acquisition, construction or use of the project (i.e. licenses, regulatory agency approvals, etc.) If none required, check here→

Exhibit M. If the project involves construction, provide:

- A. Detailed construction cost estimates and specifications to include architect’s plans and specifications, contractor's bids or estimates, invoices, etc.;
- B. Names and addresses of architects and contractors selected;
- C. Date and manner in which any contracts will be awarded;
- D. Proposed schedule for construction, completion, and occupancy;
- E. Manner in which the construction will be managed;
- F. If construction has been completed, check here→

Exhibit N. If loan is for the purchase of real or personal property, provide:
 A. USPAP appraisal report as per the MBOI's In-State Investment Policy or other valuation required by the Lender;
 B. Copy of the purchase agreement(s) including name(s) of seller(s);
 C. Copies of earnest money receipt and agreement, option to purchase, contract to purchase, and invoice(s) or estimate(s) of cost for purchase of land, improvements, or tangible personal property related to the project;
 D. Does the owner of the subject property during the previous five years have a relationship with the borrower? (Spouse, Blood relative, tenant, or other business relationship). If yes, explain. If not, check here →

Exhibit O. An Environmental Assessment (EA), Phase I E.A. or Environmental Questionnaire

Exhibit P. Itemized list containing serial and identification numbers for all articles of Machinery, Equipment, Furniture, Fixtures used for collateral with an original value greater than \$1,000.

The MBOI may request additional information to assist in the evaluation of the loan application.

SECTION M: BORROWER CERTIFICATIONS

1. Borrower agrees to comply with Section 4, Article II of the Montana Constitution that prohibits discrimination based on race, color, sex, culture, social origin or condition or political or religious ideas.
2. If loan is approved, the MBOI may use project photographs in its Annual Report or other publications.
3. If loan is approved, Borrower grants the MBOI the right to inspect the project funded by the loan.
4. All information in this application and exhibits is true and complete to the best of the Borrower's knowledge and is submitted to obtain the MBOI's participation in a loan from the Lender to the Borrower. Borrower certifies that the loan proceeds shall be used solely for the purposes stated herein.
5. Borrower agrees to pay for or reimburse the MBOI for the cost of any surveys, title or mortgage examinations, appraisals etc., performed by non MBOI personnel whether or not this loan is actually disbursed provided borrower has given consent.
6. The Borrower agrees that any contracts to construct the project will require all contractors to give preference to the employment of bona fide Montana residents as defined in 18-2-401, MCA, in the performance of the work on the project if their qualifications are substantially equal to those of non-residents. Substantially equal qualifications mean the qualifications of two or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other person(s).
7. **The Borrower of a Value-Added Loan acknowledges that if he/she receives a reduced interest rate resulting from the creation or retention of jobs, he/she will annually provide the MBOI with the required payroll documents to certify that the required jobs are maintained. The Borrower further acknowledges that the MBOI may, during the 5-year period of the original reduced interest rate, increase the interest rate in accordance with MBOI Policy if the number of jobs is reduced. If all required jobs are eliminated, the interest rate may be increased to the commercial loan posted rate. If at any time during the term of the loan the business and all the required jobs are moved out of state, the MBOI may request the Lender to call the loan.**
8. **Except as provided in 1(m) of the loan policy, the business enterprise receiving a Value-Added Loan may not pay general bonuses or dividends to investors until the loan has been repaid, except that incentives may be paid to employees for achieving performance standard or goals.**

If Borrower is a sole-proprietor or general partner, sign below:

Party One	Date	Party Two	Date
If Borrower is a corporation, sign below:			
Corporate Name	By	Title	Attested By
Date			Date

Signature of Preparer if Other Than Borrower Print Preparer Name Preparer Address