

## MONTANA BOARD OF INVESTMENTS COMMERCIAL LOAN PACKAGE

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

Page A 1 – A 4..... Coal Tax Trust Commercial Loan Policy  
Page E 1 - E6..... Electronic In-State Loan Application

### **General Parameters for Commercial and Multi-Tenant Housing Loans:**

- ◆ The Board does not lend directly to businesses.
- ◆ Only Approved Lenders may submit Loan applications and Fee Forms.
- ◆ Approved Lenders must originate all loans.
- ◆ The term "Applicant" means a Lender approved by the Board.
- ◆ The term "Borrower" means the borrower applying for a loan from the Lender.
- ◆ Appropriate representatives of the Lender and the Borrower must sign the application.
- ◆ Borrowers must provide preference to Montana labor when constructing projects.
- ◆ Project construction contractors may be subject to prevailing wages as per policy.
- ◆ "Small Business Loan Incentives" are available for Commercial Coal Tax Trust loans only.
- ◆ "Job Credit Interest Rate Reductions" are available for Commercial Coal Tax Trust loans only.
- ◆ "Link Deposit Loans" are available for Commercial Coal Tax Trust loans only.
- ◆ Commercial Coal Tax Trust loans maximum size is limited to 10.0% of the Trust.
- ◆ Commercial Coal Tax Trust loans exceeding 6.0% of the Trust require 30.0% Lender Participation.
- ◆ The submission of a fee with the Loan Reservation Fee Form locks an interest rate and reserves funding.
- ◆ Fees are refundable as per policy if the loan is funded or the application is rejected.

### **Loan Application Use:**

The loan applications may be used for all Commercial Participation loans and multi-tenant housing loans. The Coal Tax Trust Loan Policy specifically covers Commercial loans made from the Coal Tax Trust.

### **Utilizing The Electronic Application:**

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

If the field codes are visible on screen strike 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 E1, the F11 key will locate the first entry field in the fee form.

**For additional forms and assistance call or E-mail:**

(406) 444-1218

[hkulow@mt.gov](mailto:hkulow@mt.gov)

(406) 444-1217

[nriviera@mt.gov](mailto:nriviera@mt.gov)

**1. INTEREST RATES**

- (a) Interest rates, effective for a one-week period, will be posted each Thursday.
- (b) The posted rates reflect net yield to the Board and are exclusive of any Lender fees.
- (c) A reservation to reserve funds includes rates and terms for federal guarantee, participation and link loans for the one-week period in which the reservation is received.

**2. LOAN RESERVATIONS WITHOUT AN IDENTIFIED BORROWER**

- (a) Lenders not identifying the borrower(s) at the time of reservation may reserve funds for 180 days with a fee of ¼% of the reserved amount.
- (b) Lenders shall fax a request to (406) 444-4268 with an authorized signature permitting the Board to collect the fee via Automated Clearing House (ACH).
- (c) If posted interest rates decline after a Lender has locked interest rates, a new 180-day reservation at the lower rate may be obtained via payment of another ¼% fee.
- (d) If borrower(s) is not identified during the 180-day period, the unallocated portion of the reservation will expire. The unallocated portion of the reservation may be renewed with another fee of ¼% at the then prevailing interest rate for an additional 180-day period.
- (e) If borrower(s) are identified during the 180-day period, that portion of the reservation allocated to the borrower(s) will automatically be extended for an additional period equal to 365 days from the original reservation date.
- (f) Once borrower(s) are identified, lenders must offer, underwrite, accept and close the loan during the 365-day reservation period.
- (g) All applicable checklist items must be received within 90 days after expiration of the 365-day period.
- (h) The reservation allocated to the borrower(s) may be extended as per Section 4.

**3. LOAN RESERVATIONS WITH AN IDENTIFIED BORROWER**

- (a) Lenders with an identifiable borrower(s) at the time of the reservation may reserve funds for 365 days with a fee of ¼% of the reserved amount.
- (b) Lenders shall fax a request to (406) 444-4268 with an authorized signature permitting the Board to collect the fee via Automated Clearing House (ACH).
- (c) Lenders may lock interest rates at any time during the 365-day period at the rate last set.
- (d) If the loan has not been committed and posted interest rates decline after a Lender has locked interest rates during the 365-day period, a reservation at the lower rate for an additional 365 days may be obtained via payment of another ¼% fee.
- (e) If the loan has been committed and posted interest rates decline after a Lender has locked interest rates during the 365-day period, the lower rate may be obtained via payment of another ¼% fee but the original commitment letter expiration date remains the same.
- (f) Lenders must offer, underwrite, accept, and close the loan during the 365-day period.
- (g) All applicable checklist items must be received within 90 days after expiration of the 365-day period.
- (h) The reservation may be extended as per Section 4.

**4. RESERVATION EXTENSIONS**

- (a) If the project for which the loan proceeds will be utilized is not completed within the initial 365 day reservation period up to two additional 365-day increments may be granted upon written request and payment of an additional ¼% fee for each extension.
- (b) Additional 365-day extensions will not be granted if the project has been completed within the existing reservation/commitment period.
- (c) Extension fees must be received via ACH within 15 working days after the expiration date of the current 365-day period to keep the reservation in force.

**5. FUNDINGS**

- (a) 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.
- (b) Fundings will occur on or around the 10<sup>th</sup> day of the month.
- (c) At least thirty (30)-days notice must be provided to be eligible for fundings.

**6. FINANCIAL INSTITUTION INCENTIVE FOR SMALL BUSINESS LOANS**

- (a) Posted interest rates may be reduced by ½% for loans of less than .05% of the Montana Permanent Coal Tax Trust balance at the most recent fiscal year-end. The amount is posted weekly with the interest rates.
- (b) Pursuant to 17-6-319, MCA, this reduction is available for loans made to small business, which the Board defines as businesses with gross annual payroll of less than \$10.0 million.

**7. PRICING ADJUSTMENT FOR PARTICIPATION LOANS BASED ON LOAN-TO-VALUE**

The following risk adjustments for loan-to-value on collateral will be made to the posted interest rate:

| <u>Loan-To-Collateral Value</u> | <u>Board Participation</u> | <u>Net Yield To Board</u> |
|---------------------------------|----------------------------|---------------------------|
| 1-75% LTV                       | 80%                        | Posted Rate               |
| 76% - 80% LTV                   | 70%                        | Posted Rate               |
| 81% - 85% LTV                   | 60%                        | Posted Rate               |
| 86% - 90% LTV                   | 50%                        | Posted Rate               |
| <b>OR:</b>                      |                            |                           |
| 76% - 80% LTV                   | 75%                        | Posted Rate + .25%        |
| 81% - 85% LTV                   | 70%                        | Posted Rate + .50%        |
| 86% - 90% LTV                   | 65%                        | Posted Rate + .75%        |

**8. INELIGIBLE LOANS**

- (a) Loans classified as substandard, doubtful, loss or similar category in Lender's most recent examination report.
- (b) Loans to businesses with classified loans at the Lender, other than the loan offered to the Board.
- (c) Loans to trusts.
- (d) Loans for land development or speculative ventures.
- (e) Revolving lines of credit, working capital or operating money.
- (f) Loans to pay delinquent taxes.

**9. COLLATERAL 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 lessor of reasonable project costs (including architecture, engineering and capitalized interest) or market value appraisal.
- (d) Personal guaranty's as required by Lender or the Board.
- (e) If Lender requires, an attorney opinion on authority of borrower to borrow and all collateral documents.
- (f) Other collateral as required by Lender or the Board.

**10. APPRAISALS**

- (a) Licensed Montana appraisers are preferred unless a specialized property collateral requires an out of state appraiser.
- (b) Appraisal requirements are shown below:

Real Property Primary Collateral:

|                        |  |
|------------------------|--|
| Up To \$250,000        | As required by Lender to provide basis for value                                   |
| \$250,001 to \$500,000 | USPAP*- rule 2-2(b) Summary appraisal by lender-approved appraiser                 |
| Over \$500,000         | USPAP*- rule 2-2(a) Complete self-contained appraisal by lender-approved appraiser |

\*Uniform Standards of Professional Appraisal Practice

**11. OTHER COMMERCIAL LOAN POLICY CONSIDERATIONS**

- (a) A loan that includes refinance of existing debt, other than construction financing, will be considered if, at a minimum, the refinanced amount is retained by the lender. The Board participation will not exceed 80% of the total loan.

- (b) Investor properties must independently cash flow with coverage at 1.25X on a 20-year amortization or equivalent, or other financial consideration. The Board may establish a higher coverage ratio depending on economic conditions and/or industry.
- (c) Balloon payment loans are eligible provided Loan-To-Value at maturity is acceptable to the Board.
- (d) The Board will proportionately participate in any prepayment penalty required by the Lender.
- (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) Loan assumptions permitted upon Board approval with a loan assumption fee of \$500.00.
- (h) Environmental risk assessment as required by Lender.
- (i) Escrow impounds may be required for taxes & hazard insurance when Loan-To-Value exceeds 50%.
- (j) Maximum loan amount to any borrower is limited to 10% of the book value of the Coal Tax Trust as of the month-end prior to a loan commitment.
- (k) If a borrower has received or will receive a value-added loan from the Board, or is a business for which a local government has provided infrastructure funded by an infrastructure loan made by the Board, the outstanding principal of the value-added and/or infrastructure loan will be applied against the 10% maximum loan size. A borrower or business may not incur a debt to the Coal Tax Trust exceeding 10% of the Trust's book value.
- (l) Any loan exceeding 6% of the Trust requires 30% lender participation.
- (m) The Board may apply different criteria to loan requests from non-profit borrowers.
- (n) Maximum loan terms are:
  - i. Federally Guaranteed 30 years
  - ii. Linked Deposit 20 years
  - iii. Participation 25 years
- (o) All loans submitted for participation to the Montana Board of Investments from Board members or Board staff shall first be approved by the Board before the loan is committed and funded.
- (p) Any time an approved lender downgrades a commercial loan participated with the Board, the approved lender must notify the Board of the downgrade and submit to the Board the most recent lender credit review and an explanation why the credit was downgraded, within 30 days of the downgrade.
- (q) All approved lenders will submit to the Board a copy of their annual credit review for all commercial loans participated with the Board, other than guaranteed loans. If the approved lender does not do an annual review due to the size of the credit, the approved lender will annually submit to the Board, in writing, a certification that there has been no material change in the value of the collateral or the financial condition of the borrower or any of the guarantors.
- (r) If the approved lender applies a default interest rate to a participated loan, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as the approved lender.

## **12. INTEREST RATE BUYDOWN ON EXISTING COMMERCIAL LOANS**

- (a) The Board portion of an outstanding loan interest rate may be reduced to the Board's current posted rate at the time the fee is received.
- (b) The interest rate will be calculated by rounding the remaining term up to the nearest year.
- (c) The fee is calculated as shown below:
  - i. 60 months or less 1% of outstanding Board loan balance
  - ii. 61 to 120 months 1 ½% of outstanding Board loan balance
  - iii. 121 months or more 2% of outstanding Board loan balance
- (d) Interest rate reductions are effective on the next payment due date after the fee is received and the reduction is approved by the Board.

## **13. JOB CREATION INTEREST RATE REDUCTION**

- (a) With the exception of Linked Deposit loans, borrowers who create jobs as a result of a Coal Tax Trust commercial loan are entitled to an interest rate reduction of .05% for each qualifying job created up to a maximum of 2.50%.
- (b) One job is equal to the Private Annual Wage shown on the weekly Posted Rate Summary Sheet.

- (c) For jobs paying more than the Private Annual Wage, job credits will be increased proportionately for each 25% increment above the Private Annual Wage to a maximum of two jobs.
- (d) For jobs paying less than the Private Annual wage, job credits will be reduced proportionately for each 25% increment below the Private Annual Wage.
- (e) Job credits are not available unless one whole job is created.
- (f) Job credit interest rate reductions are not available for jobs paying less than the minimum wage provided for in 39-3-409, MCA.
- (g) Nonprofit corporations may qualify for the job credit interest rate reductions if the interest rate reduction passes through to a for-profit business creating the jobs.
- (h) The Board may increase the interest rate commensurate with the number of jobs eliminated if the borrower eliminates 10 or more qualifying jobs. Lenders must notify the Board if the borrower eliminates qualifying jobs.
- (i) The beginning date for counting jobs created is the date of the formal written interim or permanent loan application submitted to the Lender.
- (j) Applications for interest rate reductions may be delivered with the loan funding documents or at least 10 working days before the end of each calendar quarter.
- (k) The business seeking an interest rate reduction must provide payroll records as evidence of the creation of jobs.
- (l) The Board shall notify the Lender within fifteen (15) working days what action has been taken on an interest rate reduction request.
- (m) Investors owning-business properties may receive an interest rate reduction if the lease passes the reduction to the lessee for the full term of the loan.
- (n) Interest rate reductions provided in this part will be effective on the next scheduled payment date.
- (o) The posted Private Annual Wage and State of Montana minimum wage will be used in calculating a job creation interest rate reduction request.

**14. 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 Board 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.

*This space intentionally left blank*



**SECTION D: LENDER'S PROPOSED CONDITIONS**

|                          |   |
|--------------------------|---|
| <b>*</b>                 | <b>Check On Line For Items Required</b>   |
| <input type="checkbox"/> | 1. First Mortgage or First Deed of Trust on→ <input style="width:200px;" type="text"/>  |
| <input type="checkbox"/> | 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.                             |
| <input type="checkbox"/> | 3. For Partnership Note must be executed by→ <input style="width:150px;" type="text"/> as individual(s) and as partner(s)   |
| <input type="checkbox"/> | 4. Hazard insurance satisfactory to bank.   |
| <input type="checkbox"/> | 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"/>  |
| <input type="checkbox"/> | 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).   |
| <input type="checkbox"/> | 7. Standby/Subordination agreement executed by→ <input style="width:150px;" type="text"/> in the amount of→ <input style="width:80px;" type="text"/>  |
|                          | Standby/Subordination agreement executed by→ <input style="width:150px;" type="text"/> in the amount of→ <input style="width:80px;" type="text"/>   |
| <input type="checkbox"/> | 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:40px;" type="text"/> years and shall cover the property at→ <input style="width:150px;" type="text"/> |
| <input type="checkbox"/> | 9. Assignment of lessor's interest in lease(s) and rents  |
| <input type="checkbox"/> | 10. Personal guarantees of→ <input style="width:150px;" type="text"/> and→ <input style="width:80px;" type="text"/>   |
|                          | Partnership guarantees of→ <input style="width:150px;" type="text"/> and→ <input style="width:80px;" type="text"/>  |
|                          | Corporate guarantees of→ <input style="width:150px;" type="text"/> and→ <input style="width:80px;" type="text"/>  |
| <input type="checkbox"/> | 11. Borrower shall furnish, annual, semi-annual, quarterly, or monthly financial statements satisfactory to lender and Board within→ <input style="width:40px;" type="text"/> days after the end of the period covered.                                     |
| <input type="checkbox"/> | 12. Escrows to be established and maintained by Seller/Service for payment of taxes and insurance.  |
| <input type="checkbox"/> | 13. Reserve account to be established and maintained by Seller/Service in the amount of→ <input style="width:100px;" type="text"/> of sales/rents/depreciation to be used for repairs/replacements  |
| <input type="checkbox"/> | 14. Other (Please specify) → <input style="width:200px;" type="text"/>  |

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

**SECTION E: LENDER SIGNATURE AND CERTIFICATION**

The lender is an approved Board lender, has reviewed the entire application, including portions completed by borrower, and has determined that the application is complete and accurate. If the Board's commitment fee has not yet been paid, the fee must be paid by ACH upon submission of this application. Subject to the terms and conditions specified in Part I of this application, the lender will originate the loan if it is approved by the Board. **Further, the lender certifies that this loan has not been classified by the most recent examination report of this financial institution and that no other loans outstanding for this borrower, signatories, or guarantor have been classified.**

|                       |   |             |  |
|-----------------------|---|-------------|--|
| Lender→               | <input style="width:100%;" type="text"/>        | Lender Rep→ | <input style="width:100%;" type="text"/> |
| Address→              | <input style="width:100%;" type="text"/>        | Title→      | <input style="width:100%;" type="text"/> |
| City/ST/ZIP→          | <input style="width:100%;" type="text"/>        | Phone→      | <input style="width:100%;" type="text"/> |
| Authorized Signature→ | Date→ <input style="width:100px;" type="text"/> |             |  |

**PART II - BORROWER SECTION**

**SECTION F: BORROWER INFORMATION**

|  |        |  |              |
|--|--------|--|--------------|
| Legal Business Name→   |        | Business Rep→  |              |
| Borrower Name→   |        | Title→   |              |
| Business NAICS Number→   |        | Phone→   |              |
| Employer Tax I. D. #→  |        | Address→   |              |
| RMA Code→  |        | City→  |              |
| Date Established→  |        | State/ZIP→   |              |
| <b>* Borrower is</b><br><input type="checkbox"/> 1. Individual<br><input type="checkbox"/> 2. Partnership<br><input type="checkbox"/> 3. Limited Liability Company (LLC)<br><input type="checkbox"/> 4. Non-Profit Corporation<br><input type="checkbox"/> 5. Individual dba sole proprietorship<br><input type="checkbox"/> 6. Limited Partnership/LLP<br><input type="checkbox"/> 7. Corporation - State of Incorporation→ |        | <b>* Loan is for</b><br><input type="checkbox"/> 1. Existing Business<br><input type="checkbox"/> 2. New Business<br><input type="checkbox"/> 3. Existing business purchase<br><input type="checkbox"/> 4. Landlord Properties<br><input type="checkbox"/> 5. Refinancing<br><input type="checkbox"/> 6. Other (Explain) → |              |
|  |        | 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: <b>Provide details in Exhibit G →</b>   |        |  |              |
|  |        |  |              |

**SECTION G: ECONOMIC IMPACTS**

|  |  |  |  |
|--|--|--|--|
| Provide brief description of estimated potential economic impacts of the project. <b>Provide details in Exhibit A →</b>  |  |  |  |
|  |  |  |  |
| 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→   |  | Annual Purchase of Montana Services/Goods→ |  |
| % Of Business Products/Services Estimated To Be Sold Out-Of-State Or to Out-Of-State Residents→  |  |  |  |
| If the business will process, refine, market, or in other ways promote Montana's agricultural products, describe below the manner in which the business engages in these activities. |  |  |  |
|  |  |  |  |

**SECTION H: 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→    | <input type="checkbox"/> |

**SECTION I: PURPOSE OF LOAN AND USE OF LOAN PROCEEDS**

Describe project and uses of loan proceeds. Examples of facility use would be for manufacturing, warehouse, repair shop, or retail space. If facility is to be leased, list below 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 <b>Exhibit O</b> . |              |                |                  |
| New Plant or Building→        |  |  |              |                |                  |
| Building Expansion/Repair→    |  |  |              |                |                  |
| Machinery and Equipment→      |  |  |              |                |                  |
| Inventory Purchase→           |  | Collateral Type  | Market Value | Unpaid Balance | Depreciated Cost |
| Working Capital→              |  | Land and Buildings→  |              |                |                  |
| Acquire Existing Business→    |  | Machinery & Equipment→   |              |                |                  |
| Existing Debt→                |  | Furniture & Fixtures→  |              |                |                  |
| Other→                        |  | Accounts' Receivables→   |              |                |                  |
| <b>Total Proceeds→</b>        |  | Inventory→   |              |                |                  |
| <b>Total Other Financing→</b> |  | Other→   |              |                |                  |
| <b>Total Project Costs→</b>   |  |  |              |                |                  |
| <b>Total Collateral→</b>      |  |  |              |                |                  |

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→ |  |
| <b>Total Other Financing →</b> |  |                               |  |         |  |

**SECTION J: 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<br>Y N           |                          |
|-----------------|-----------------|---------------|-----------------|---------------|---------------|-----------------|---------------------|--------------------------|--------------------------|
|                 |                 |               |                 |               |               |                 |                     | <input type="checkbox"/> | <input type="checkbox"/> |
|                 |                 |               |                 |               |               |                 |                     | <input type="checkbox"/> | <input type="checkbox"/> |
|                 |                 |               |                 |               |               |                 |                     | <input type="checkbox"/> | <input type="checkbox"/> |
|                 |                 |               |                 |               |               |                 |                     | <input type="checkbox"/> | <input type="checkbox"/> |
|                 |                 |               |                 |               |               |                 |                     | <input type="checkbox"/> | <input type="checkbox"/> |

**SECTION K: PARTICIPATION LOANS BORROWER CHECKLIST**

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

1. **Exhibit B.** 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.
2. **Exhibit C.** 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 →
3. **Exhibit D.** 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 →
4. **Exhibit E.** 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 →
5. **Exhibit F.** 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 review or audit 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.
6. **Exhibit G.** 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.
7. **Exhibit H.** 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 →
8. **Exhibit I.** Include a business plan.
9. **Exhibit J.** 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 →
10. **Exhibit K.** If the project involves construction, provide:
  - A. Detailed construction cost estimates and specifications to include architects 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 →

11. **Exhibit L.** If loan is for the purchase of real or personal property, provide:
- A. USPAP appraisal report as per the Board's In-State Investment Policy or other valuation required by 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 →
12. **Exhibit M.** An Environmental Assessment (EA), Phase I E.A. or Environmental Questionnaire
13. The Board may request additional information to assist in the evaluation of the loan application.

**SECTION L: FEDERALLY GUARANTEED LOANS BORROWER CHECK LIST**

- 1. SBA Authorization
- 2. Conditional commitment, if applicable

**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 Board may use project photographs in its Annual Report or other publications.
3. If loan is approved, borrower grants the Board 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 borrower's knowledge and is submitted to obtain the Board's participation in a loan from an approved lender to borrower. Borrower certifies that the loan proceeds shall be used solely for the purposes stated herein.
5. Borrower agrees to pay for or reimburse Board for the cost of any surveys, title or mortgage examinations, appraisals etc., performed by non-Board 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 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 person(s).
- 7. The borrower of a commercial loan acknowledges that if he/she receives a "job credit interest rate reduction" for job creation and eliminates more than 10 qualifying jobs on which the reduction was based, the Board may increase the loan's interest rate commensurate with the number of jobs eliminated.**

**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 |
|----------------|----|-------|-------------|------|

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