

Example

INTERMEDIARY RELENDING PROGRAM  
WORK PLAN

I. INTRODUCTION

█████ Economic Development Corporation of █████ County, █████ (█████ EDC) is requesting \$█████ in funds from the Rural Economic & Community Development Services (RECDS) to recapitalize an Intermediary Relending Program (IRP) to finance business facilities and community development projects in a designated service area of █████ County. The funds will be used in a revolving loan program for eligible local businesses to finance existing businesses, start-ups and/or expansions, and will result in job retention and job creation.

█████ Economic Development Corporation is a non-profit corporation formed in 1977 to develop industrial land and finance new and expanding businesses in █████ County. In 1981, █████ was certified by the Small Business Administration (SBA) as a loan packager and servicer and continues to provide these services as an Associate Development Company. It administers a Revolving Loan Fund (RLF), capitalized through the U.S. Department of Commerce Economic Development Administration (EDA) and █████ EDC matching funds. The EDA funding, recapitalized twice, has reached the maximum amount available, and is in the process of being fully committed in working loans. █████ also administered an RLF capitalized through the United States Department of Agriculture █████ which it now seeks to recapitalize. In addition, █████ administers three loans capitalized fully by a █████ Community Development Block Grant Economic Development Allocation grant.

Designated Service Area

The service area for this application is all of █████ County except the county seat of █████, which has a population of 39,700. The designated service area includes:

City of █████	5,678	(excluding state prison population)
City of █████	8,822	(excluding state prison population)
City of █████	17,600	
Unincorporated Area	35,850	(excluding military barracks, housing inside █████)

Total population of service area: 67,950

(Source: █████ Department of Finance, population as of █████)

Note: RECDS = RBS

█ county is located in the southern portion of █, a 500 mile region representing nearly one-sixth of the United States' irrigated farmland, and is one of the richest agricultural regions in the world. It produces cotton, tomatoes, alfalfa, and other field crops. (See Maps in Exhibits I.1 and I.2.)

## █ Growth

During the 1990's, the █ was the fastest growing region of █ in terms of population, increasing 2.8% per year compared to 2.2% annual growth statewide, accompanied by moderate employment growth. As a result, █ communities began looking to non-agricultural sectors for economic diversification and growth. Many of them found they could provide an attractive alternative to █ major urban areas and began (and continue) to draw new jobs and homeowners into the region.

In the midst of the growth, █ County has not benefited as fully as other parts of the region. For example, █ County's per capita income growth between 1990-1998, increased by 1.3%, while the statewide per capita income growth during the same period increased by 1.7%. Likewise, █ County's taxable retail sales increased between 1990-1998, .6%, while the state average was a 2.5% increase. This is explained by the fact that █ County remained primarily an agricultural county. As such, it has high seasonal unemployment and has declining farm jobs due to both the agricultural downturn in the 80's and 90's and increased mechanization of farm operations. Currently, local agriculture is further distressed by severe water shortages, which are discussed later in this introduction. At the same time, new business development is gradually occurring, stimulated primarily through the resources of █ EDC working with public and private entities.

Looking ahead, █ County, between 1999 and the year 2010, is predicted to show improvement in per capita income and taxable retail sales. However, despite average growth in population and households, █ County is expected to fall below most other █ counties.

## █ Economy

The experience of █ County and other █ communities reflects an overall pattern in the state. █ economic base is shifting from being resource-based to an economy based on high-value-added products and services. This change caused major problems and opportunities for those sections of the state, such as █ County, that have relied primarily on such industries as agriculture for jobs and a healthy economy.

The characteristics of the emerging █ economy are different from those of the past in several respects: 1) large firms are being replaced by small firms as industrial giants seek to downsize and outsource in response to the need for increased productivity; 2) most of the growth in the █ economy is coming from business expansion and new enterprise development, rather than business attraction; and 3) expansion in employment is primarily concentrated in the rapidly growing service sector. This means both business expansion and retention of existing businesses must receive emphasis and support. In addition, there is growing interest in the development of new industries in the community by creating a positive environment for entrepreneurship.

Small rural communities are supplementing their resource-based economies increasingly by becoming sites for small, high-value-added firms such as those found in the rapidly growing health services field and in such agricultural related fields as pet food and the processing of traditional crops into specialty products. Business and professional services firms are also finding a home in many rural █ cities and towns.

### Extraordinary Conditions: Severe Water Shortages

In the midst of this basic economic shift, █ County agriculture has been impacted by periodic severe water shortages--which in turn affects many other segments of the local economy. The majority of water to █ agriculture is provided through the transfer of high volumes of northern and eastern █ water, through the distribution system of the federal █ Project and the State Water Project. During years of below-normal rain and snowfall,

water supplies to productive farmland is cut back. With no guarantee of sufficient water for upcoming growing seasons, farmers have to take their land out of production or grow lower-value crops. When this occurs, the impact is felt throughout the area's economy. Additionally, in years of higher than normal precipitation, the [REDACTED] Lake Basin, located in [REDACTED] County, floods. This takes thousands of acres of productive farmland out of production which also has a negative effect on the local economy.

### Summary

It is within the context of these interacting factors that [REDACTED] Economic Development Corporation's request for Intermediary Relending Program funds falls. The Work Plan for the IRP is described in the following sections.

## II. ADMINISTRATIVE CAPACITY OF [REDACTED] ECONOMIC DEVELOPMENT

[REDACTED] Economic Development Corporation of [REDACTED] County ([REDACTED] EDC) was incorporated in 1977 as a non-profit mutual benefit corporation to develop industrial land and finance new and expanding businesses in [REDACTED] County. It is incorporated under the laws of the State of [REDACTED] and is certified as a 501 (c) (6) tax exempt organization by the Internal Revenue Service.

### Mission

[REDACTED] EDC's mission is:

- 1) to assist in the economic development of [REDACTED] County and the various communities located therein by promoting and assisting in the growth and development of business through expansion of existing business as well as attracting new business to the area and 2) to benefit the people of [REDACTED] County by increasing employment, payroll, business volume and investment throughout [REDACTED] County (Source: [REDACTED] EDC's Development Brochure, Exhibit II.3)

### Organization

To carry out this mission, [REDACTED] EDC is organized with a volunteer Board of Directors, a professional staff, a Loan Administration Board (LAB), and individual and corporate members. This organization is displayed in the Organization Chart in Exhibit II.4.

For broad community support, [REDACTED] EDC has a membership which is open to any person or business in [REDACTED] County who wishes to support the county-wide economic development program of [REDACTED] EDC. There is an annual membership fee of \$100. Only members are entitled to vote for the Board of Directors or serve on the Board. The present membership is composed of 73 members and the roster is contain in Exhibit II.5.

The Board of Directors is composed of 15 members: 4 public members, one each from [REDACTED] County and the cities of [REDACTED], [REDACTED], and [REDACTED] and 11 from the private sector or member organizations such as the Chambers of Commerce. The roster of the current Board of

Directors, Officers and Standing Committees is contained in Exhibit II.6. All are citizens of the U.S. and live in [REDACTED] County or represent companies conducting business in [REDACTED] County.

The Loan Administration Board functions within [REDACTED] EDC to provide oversight to the Revolving Loan Program and review/authorize loans packaged and recommended by the [REDACTED] EDC loan staff. The roster of the current Loan Administration Board is contained in Exhibit II.7. Its role is more fully described on page 30 of this application.

#### Authorization and Bonding

Authority to carry out proposed loan purposes, to obtain or provide security, and make and receive repayments can be found in the Articles of Incorporation, Exhibit II.1 and the Bylaws, Exhibit II.8. Crown EDC is fully bonded against losses and a copy of the face sheet for the insurance coverage is contained in Exhibit II.9. A full copy is available upon request.

#### Staff

Staffing to the organization is provided by a professional staff of five people. They include: Executive Director, Loan Coordinator, Enterprise Zone Technician, Economic Development Manager, and a full-time clerk. The Executive Director, [REDACTED], has been the Executive Director of the [REDACTED] County Job Training Office since 1981. He was named [REDACTED] EDC's Executive Director in June, 1998.

In [REDACTED] present position with [REDACTED] EDC, he administers the organization's Revolving Loan Fund which is capitalized by the U.S. Department of Commerce Economic Development Administration combined with local matching funds from [REDACTED] EDC. In addition, [REDACTED] EDC is an Associate Development Company designated by the Small Business Administration to package and administer SBA 504 and 7A guaranteed loans.

In these responsibilities, he is aided by a full-time Loan Coordinator, [REDACTED]. [REDACTED] has 15 years experience managing operations and lending in branches of major and community banks.

Prior to becoming ██████ EDC's Loan Coordinator, he served on the ██████ EDC Loan Administration Board. Resumes of the Executive Director, Loan Coordinator, and Economic Development Manager are contained in Exhibit II.10.

### ██████ EDC Revolving Loan Fund Experience

As described above, ██████ EDC operates four loan programs. The smaller loan fund is financed by ██████ EDC funds and has two loans for a total of \$75,081. The larger is the Revolving Loan Fund capitalized by U.S. Department of Commerce Economic Development Administration (EDA) funds combined with ██████ EDC matching funds and presently has 31 active loans totaling \$2,182,750 (9/30/98). ██████ has an additional Revolving Loan Fund capitalized by Rural Economic and Community Development Services that currently has 13 active loans totaling \$935,080. Additionally, ██████ administers a ██████ Community Development Block Grant Revolving Loan Fund that currently has 2 active loans totaling \$275,000. A summary of all four loan programs is contained in Exhibit II.11. The EDA/██████/RECDS Revolving Loan Fund is described more fully below.

The Revolving Loan Fund (RLF) was established in 1982 when the EDA provided ██████ EDC with initial loan funds of \$330,000, to be matched by \$110,000 in ██████ Funds. Twice since 1982, the EDA has increased the loan funds for a total of \$915,420. ██████'s matching funds, originally 25%, increased to 33% and then to 40% for a total of \$460,000. This created a loan pool of \$1,375,420. All of ██████'s Revolving Loan Funds are generally fully committed with 88 loans made, 542 jobs created/retained, and non-RLF \$ leveraged by the RLF of \$10,725,734.

The purpose of the RLF has been to address ██████ County's long-term adjustment problems of high unemployment, seasonal agricultural employment, and difficulty in businesses obtaining start up and other commercial financing. By leveraging this private lending capital, the RLF funds have attracted commercial lenders to participate in local business projects for which they were unable to make full-project loans. The RLF has helped retain and create 542 permanent jobs.

RLF Performance

█████ Economic Development Corporation has administered the EDA Loan Funds well, has met all EDA requirements, and has an excellent working relationship with the EDA. A letter from the Regional Economic Adjustment Chief regarding █████ EDC's performance is contained in Exhibit II.12. A summary of the EDA RLF is given below, and the details are contained in Exhibit II.13.

RLF Capital:	\$ 915,420	EDA
	460,000	█████ Matching Funds
	\$1,375,420	Revolving Loan Fund
Number of Loans:	67 (9/30/98)	
Amount Loaned:	\$4,308,150 (9/30/98)	
Types of Loans:	37.3% industry (9/30/98) 44.1% commercial (9/30/98) 18.5% service (9/30/98)	
Active Loans:	31/\$2,182,750 (9/30/98)	
Delinquencies*: *(more than 15 days late)	3 less than 60 days	
Write-offs:	7/\$292,737	
Jobs Created/Retained:	498 (9/30/98)	
Job RLF \$:	1/\$8,650	
Average Size of Loan:	\$64,300	
Average Interest Rate:	8%	
Average Term of Loan:	7 years	
Minority Business Loans:	\$783,000	22.7%
Women-Owned Business Loans:	\$193,250	

Program Income:	\$918,543	Interest earned on loans
	147,486	Earnings from accounts
	44,198	Fees charged
	\$ 1,110,227	Total program income (9/30/98)

█████ Economic Development Corporation has administered the RECDS Loan Funds well, has met all the administrative requirements, and has an excellent working relationship with the RECDS. A summary of the RECDS is given below, and the details are contained in Exhibit II.13.

RLF Capital:	\$ 900,000 RECDS
	300,000 ██████ Matching Funds
	1,200,000 Revolving Loan Fund
Number of Loans:	13 (9-30-98)
Amount Loaned:	\$1,088,380 (9-30-98)
Types of Loans:	37.3% industry (9-30-98)
	44.1% commercial (9-30-98)
	18.5% service (9-30-98)
Active Loans:	13 (9-30-98)
Delinquencies*:	2 less than 90 days
*(more than 15 days late)	
Write-offs:	-0-
Jobs Created/Retained:	90 (9-30-98)
Job RLF \$:	1/\$12,093
Average Size of Loan:	\$83,721
Average Interest Rate:	8%
Average Term of Loan:	10 years
Minority Business Loans:	\$138,300
Women-Owned Business Loans:	\$157,500

245 27.1



### III. ABILITY TO COMMIT FUNDS

#### Financial Resources

The financial resources of [REDACTED] Economic Development Corporation have developed over the years and come from several sources:

land held/sold for development

membership funds

local government funds

Economic Development Administration Revolving Loan Fund retained interest

Small Business Administration loan packaging/administration fees

Rural Economic Development promotional funds

other interest earned

As of the June 30, 1997 Audit, the total assets of [REDACTED] EDC were \$3,066,839, and the fund balances were \$1,960,122. Exhibit III.1 contains a copy of the most recent audit, fiscal year 1996-1997. Previous audits are available upon request.

## Operating Budget

The 1998-99 fiscal year operating budget for [REDACTED] EDC is \$305,579 in projected revenues and expenditures. Exhibit III.3 contains the 1998-99 [REDACTED] EDC Adopted Budget.

The operating funds are primarily provided by local governments in [REDACTED] County and program income.

Analysis of both the budgets and the audits of the last 3 years demonstrates [REDACTED] EDC's organizational and fiscal stability. As can be seen in the chart below, the operating expenses have been relatively constant, and the revenue has fluctuated somewhat due to annual differences in program income and local government support.

Operating Budget	Actual 1996-97	Actual 1995-96	Actual 1994-95
Revenue	\$411,791	\$716,318	\$ 339,268
Expenses	306,409	278,938	327,141
Balance	105,382	437,380	22,517

(Source: Annual [REDACTED] EDC Audits, performed by [REDACTED])

## Existing Revolving Loan Funds

It is anticipated the RLF funds will be fully committed by January, 1999, leaving a number of loans approved but awaiting financial resources. As loan payments are made to [REDACTED], the revolved funds become [REDACTED] funds and are to be used to continue the revolving loan program.

## Resources for Intermediary Relending Program

[REDACTED] EDC is committing \$ [REDACTED] of its unrestricted funds to match the \$ [REDACTED] requested from FmHA to create a loan pool of \$ [REDACTED]. [REDACTED]'s funds will come from the current liquid assets of [REDACTED] EDC described above, which will be augmented by monthly allowable program income from the existing RLF and from the sale of property. The pro forma in Exhibit

III.4 provide the details of how [REDACTED] fiscal commitment to the IRP will be carried out during the next three years of operation.

#### IV. SECURITY

[REDACTED] EDC will secure the RECDS IRP loan by assigning to United States Department of Agriculture the security associated with each loan to an ultimate recipient.

As each ultimate recipient loan is prepared for RECDS review and approval, the ultimate recipient will be required to provide sufficient and adequate collateral to secure the loan. The collateral will usually be in the form of liens on the assets financed, including fixed assets such as machinery and real estate, accounts receivable, inventory and lease assignments. Liens upon other non-project assets of the borrower may also be used to secure the loan. It will also be a general policy to require personal guarantees by the principal borrowers as deemed appropriate. Personal guarantees will normally be required of all persons/entities holding a 20% or more interest in the borrowing entity. Standard equity required will be a minimum of 15%.

Appraisals on collateral will be obtained using recognized, standard techniques for the type of property involved and the valuation will be described in the loan file. Real property serving as security will be appraised by a qualified real estate appraiser. For all other types of property, a valuation shall be made using any recognized, standard technique for the type of property involved (including standard reference manuals), and this valuation will be described in the loan file.

Each packaged loan that is approved by the Loan Administration Board and submitted to RECDS for approval will be accompanied by documents which will assign the security to United States Department of Agriculture. [REDACTED] is aware that RECDS may require additional security.

In the course of operating its present revolving loan program over the years, [REDACTED] has had a sound record of making good business loans which are adequately secured, with repayment conditions being met. Since 1982, there have only been seven loans written off, totaling \$292,737.

## V. USE OF LOAN FUNDS

The IRP will be used for the designated service area, which includes the cities of [REDACTED], [REDACTED], [REDACTED] and the unincorporated area of [REDACTED] County. This area represents all of [REDACTED] County with the exception of the City of [REDACTED].

The major purpose of the Revolving Loan Fund established by the IRP is the development of permanent private sector employment. This goal is achieved through private and public investment in industries and businesses which are compatible with the area. They may be new start-ups or the expansion/retention of existing firms. The loans will be for manufacturing -- particularly resource based manufacturing related to agriculture and commercial/services businesses. Manufacturing businesses are preferred because of their high employment per dollar ratio and the economic diversification which they provide in the county. Commercial projects may be funded if they provide substantial employment and long-term economic benefits for the area.

As described earlier, most of [REDACTED] County's economy depends upon agriculture, which recently recovered from earlier years of national economic downturn. This type of economy produces high unemployment, seasonal work, and diminishing job opportunities. For example, [REDACTED] unemployment is presently 33%, according to the [REDACTED] Employment Development Department's data on unemployment insurance usage. Countywide, the [REDACTED] County jobless rate totaled 10.7% in November, 1998. Chart V.1 on the following page provides monthly and annual unemployment rates. The data includes the City of [REDACTED], where unemployment is generally below the county average, according to the local Employment Development Department office. Within the service area of the IRP (which excludes [REDACTED]) the unemployment rate is actually above the county average. In this setting, the overall intention of the IRP RLF is to:

1. encourage the development of permanent industrial and commercial jobs in the designated service area of [REDACTED] County.
2. encourage the development of diversified industries and businesses.

**Chart V.I**  
**██████████ County Unemployment Rates**  
**Compared to State and National Rates**

	<u>1996</u>	<u>1997</u>	<u>1998</u>
January	16.6	17.0	15.1
February	18.1	16.4	16.0
March	16.4	15.1	14.3
April	13.7	13.1	12.0
May	12.6	11.3	11.0
June	12.8	12.1	12.2
July	11.4	11.0	11.2
August	9.8	9.4	9.5
September	9.7	9.4	10.4
October	10.9	11.0	11.2
November	11.2	11.1	10.7
December	12.1	12.3	12.0
Average	13.0	12.3	12.1
██████████ Average	6.2	6.0	5.9
National Average	5.1	4.7	4.3

Source: Employment Development Department, ██████████

3. provide overall financial counseling and assistance to small and medium size businesses.
4. encourage the establishment of industries and businesses which will assist the agricultural community (e.g. agricultural related manufacturing and processing concerns).

Most loans made from the RLF will be used basically by private for-profit businesses for industrial and commercial development. However, under special circumstances, loans may be made to a public body for certain services that will be extended to a private concern consistent with the RLF goals and objectives. For example, a loan to a redevelopment agency for extensions of water and sewer lines to an industrial property, when there is a firm committed to locate with immediate employment opportunities, would be eligible.

The applicant's policy is to emphasize loans to projects which show the greatest long range economic impact on the community. These will be:

1. industries which show the greatest opportunity for growth in employment and investment.
2. industries which will have an important secondary effect in the community, i.e., processing agricultural products grown in the area.
3. businesses that provide a service not now available in the area.
4. industries and businesses utilizing existing vacant industrial and commercial buildings.
5. providing funds for start-up or expansion of small businesses, especially minority and women-owned businesses.

Although certain target areas will be emphasized, all projects within the designated service area will be reviewed objectively, based upon the above criteria.

Particular target areas will be:

The unincorporated area of [REDACTED] and its industrial parks:

20 acres of improved industrial land complete with infrastructure and street frontage; 40,000 square feet of vacant industrial buildings.

The [REDACTED] Industrial Park:

60 acres fully improved; majority is built out. 260 additional acres zoned industrial.

The downtown business district in the City of [REDACTED]:

Downtown is generally composed of old, unimproved buildings; several are under utilized. The City of [REDACTED] has recently completed a Business Attraction Study, funded by State CDBG funds, to determine the attraction potential for industrial and commercial/retail businesses.

City of [REDACTED] downtown business district and industrial park:

Downtown has few viable businesses; 35% of the stores are vacant. The city recently completed a \$4.5 million project to install curbs, gutters, and sidewalks throughout the city; and a \$1 million project to underground utilities, repave streets, and install street lights. The city is trying to provide the public improvements that will stimulate private investment.

The City of [REDACTED] business district and industrial park:

100+ acres pad ready, industrial park, presently 90% vacant. Another 170+ acres are zoned industrial. 26.5 acres have rail access. The city and Chamber of commerce have developed a downtown marketing plan to stimulate business development.

## VI. NEED FOR LOAN FUNDS

The most basic need for these loan funds is to provide "gap" financing for business retention, expansion and start-up which will leverage available private capital into the business project. Without this gap financing, the private capital would not enter the project.

Commercial banks are the primary source of capital for small business expansions and start-ups in ██████ County. All banks in ██████ County, except two, are branches of state or nationwide institutions. They have actively participated with ██████ EDC in projects receiving RLF loans, but on their own commercial banks are very reluctant to provide financing for small business needs. Generally the banks require 50% equity in a start-up business; they make short-term loans only; and often the repayment schedule makes it difficult or impossible for a small business to meet repayments. Increased banking regulations and centralization of loan decisions further reduce the potential of commercial banks to provide small business capital. Savings and loan institutions generally do not make commercial loans. They make no loans for working capital or equipment and seldom make loans on commercial property because the loans are not guaranteed and are difficult to sell on the secondary market.

As has been proven by ██████ EDC's past and present revolving loan experience, the Intermediary Relending Program will provide an infusion of funds for such activities as working capital, equipment, and in some cases, remodeling. As can be seen by ██████ EDC's previous RLF experience, the ██████ EDC loans provide the incentive for banks to participate in projects in which they otherwise would not be the full lender. Additionally, financial counseling to loan applicants and assistance in preparing sound business plans is provided by ██████ EDC. Banks are reassured by this support and have learned that ██████ EDC-related business loans are good investments.

Several of the communities within the designated service area have been taking steps to stimulate their economies and prepare for business development. These were described in the preceding section. Usage of the EDA/██████ RLF included projects for ██████, ██████, and ██████

however, the primary beneficiaries were businesses within the city limits of [REDACTED]. With the recapitalization of RECDS IRP funds, [REDACTED] EDC will be able to concentrate on the more rural communities of the county which are in need and also are positioning themselves to be a partner in business improvement. With this combination, [REDACTED] anticipates the need for RLF loans will greatly increase -- particularly with [REDACTED] having an RLF it can actively market to meet their needs. [REDACTED] recent marketing efforts have resulted in the following potential IRP projects:

1. [REDACTED], [REDACTED]  
[REDACTED] is seeking a \$150,000 working capital loan. [REDACTED] is a minority-owned manufacturer of aluminum enclosures. The company currently has 20 employees and projects an increase to 30 or more within 2 years. [REDACTED] occupies approximately 20,000 square feet in [REDACTED] Industrial Park.

2. [REDACTED]  
A major hotel franchisor is considering locating in [REDACTED]. They are seeking a \$400,000 loan for furniture, fixtures, and equipment. The company anticipates the creation of 200 jobs in [REDACTED] County.

3. [REDACTED]  
[REDACTED] is seeking a \$650,000 loan to renovate and revitalize a 2-story commercial building in a blighted area of downtown [REDACTED]. Subject property is located within [REDACTED] Redevelopment Area.

4. [REDACTED]  
The City of [REDACTED], in conjunction with a private sector investor, is seeking a \$200,000 loan to construct an industrial building in [REDACTED] Industrial Park. The building will be designed to be partitioned into the desired sizes for start-up businesses.

5. [REDACTED]  
[REDACTED] and [REDACTED] are seeking a \$150,000 loan to purchase a building to start a [REDACTED] Licensed Day Care Center for pre-school age children. [REDACTED] is a well-qualified applicant and will hire pre-school teachers that are credentialed by the State of [REDACTED]. The [REDACTED] anticipate hiring 12 people at start-up.

The list does not display the full demand for RLF funds for these reasons:

1. The public sector improvements/studies have been just recently completed. The timing is excellent to strategically focus strong business attraction/expansion/retention efforts in these communities. For example,

downtown revitalization in [REDACTED], geared to the market potential and economic strategy identified in the Business Attraction Study will likely generate business loan requests.

2. These areas have not had funds set aside for them in the past and have not been encouraged to access RLF funds as a source of business financing. Marketing activities will be conducted specifically and aggressively in the designated service area. These are described later in this document.
3. With the new staff at [REDACTED] EDC in the last year the pace of loan closures has accelerated. 5 loans have been closed in the year for a total of \$213,000, and there are 4 additional loans pending which total \$610,000. [REDACTED] EDC is confident that its present pace of loan closure will continue.

Considering the aforementioned circumstances, [REDACTED] EDC anticipates the IRP loan funds will be committed within 18 months of the approval of funds by RECDS and closed with two years.

## VII. PROPOSED FEES AND CHARGES

The only fee which [REDACTED] charges is a loan origination fee of 1% on the amount to be borrowed, payable at the time of closing the loan, with a minimum fee of \$100 plus closing costs and filing fees.

The loan origination fee covers the cost of activities provided by [REDACTED] Economic Development Corporation staff, such as:

- Assistance with loan documents, preparation to complete required forms for loan package.
- Final interview with client prior to loan documents being forwarded to the Loan Committee.
- Presentation to Loan Administration Board.
- Additional document preparation and forwarding for review by Legal Advisor.
- Final document preparation and forwarding to RECDS.
- Final loan closure and project records set up for future review.

Not included in the loan origination fee are costs associated with: appraisals, credit reports, or title company reports.

VIII. FINANCIAL SUPPORT

█████ Economic Development Corporation was originally formed from selling 490 certificates for \$500 each to 183 private individuals. This raised \$245,000, which was used to start the █████ County Industrial Park Foundation, now the █████ Economic Development Corporation of █████ County. 480 acres of industrial land was purchased and most of the land has been sold. █████ EDC still owns 24 acres of fully improved industrial land in the █████ Industrial Park and 20 acres in the █████ Industrial Park.

Since its formation, the organization has continued its countywide economic development program with broad community support. Its membership base is composed of individuals and businesses.

For the past 15 years, the following local governments have funded █████ EDC's operations annually, in return for the services it provides the individual communities and the county as a whole. These funds are used for operating support of █████ EDC. The table below shows the last 5 years of funding support from each jurisdiction. Due to severe budget constraints, the City of █████ has not been able to provide any support for several years; however, █████ EDC is committed to continue to provide services to the city.

	█████	█████	█████	█████	County
1998	-0-	\$22,654	\$59,664	\$23,680	\$62,097
1997	-0-	\$25,205	\$62,586	\$26,648	\$60,189
1996	\$14,539	\$17,703	\$47,101	\$21,388	\$53,109
1995	\$13,914	\$12,956	\$43,740	\$21,912	\$60,779
1994	\$12,592	\$12,592	\$44,117	\$22,580	\$61,398

In addition, in 1991, the cities of █████, █████, and █████ each committed an additional \$50,000 from their Redevelopment Agency funds to match the last recapitalization of the EDA

Revolving Loan Fund. The funds remained with the individual agencies and were drawn upon in response to loans approved with the Redevelopment areas.

██████ EDC works with each of the cities in business attraction activities, enabling businesses to locate in the city. For example, in recent years, ██████ EDC has been an important party in land acquisition and business loans which have located several small manufacturing businesses in ██████, ██████, ██████, and ██████, creating many jobs.

IX. RECORD OF OBTAINING NON-PUBLIC FUNDS

As described in the preceding section, the origin of [REDACTED] Economic Development Corporation lies in obtaining non-public funds. In 1960, \$245,000 was raised by selling 490 certificates of \$500 each to 183 private individuals. This money allowed the [REDACTED] County Industrial Park Foundation, now the [REDACTED] Economic Development Corporation, to buy 480 acres of industrial land in the [REDACTED] area. It was the beginning of the countywide economic development program for [REDACTED] County. [REDACTED] Company, now [REDACTED] Company, purchased 320 of the acres for their facility. The balance has been sold over the years to other companies. [REDACTED] EDC still owns 24 acres of fully improved industrial land in the [REDACTED] Industrial Park and 20 acres in the [REDACTED] Industrial Park. The combined market value is approximately \$1 million.

Additionally, the Membership of the [REDACTED] EDC is composed primarily of the private sector, and the Board of Directors has 11 private sector members. [REDACTED] EDC has a long and successful history of working well with both the private sector and the public sector.

The business loans made in the RLF all have private funds involved in the project: at least 15%,<sup>25%</sup> as required. The private involvement may be in the form of equity in the business, private-sector loan funds from a bank or other lending source, and/or business owner funds. Local banks have been very responsive to making business loans as part of a funding package with [REDACTED] EDC. The banks participating with [REDACTED] EDC are:

- [REDACTED]
- [REDACTED]\*
- [REDACTED]\*
- [REDACTED]\*
- [REDACTED]\*
- [REDACTED]\*
- [REDACTED]\*
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED] \*

[REDACTED] ”

[REDACTED] \*

\* indicates SBA lender

During the sixteen years of the Revolving Loan Fund, [REDACTED] EDC estimates \$10,725,734 in private sector funds have been leveraged with the participation of the RLF funding. [REDACTED] EDC is confident this level of private sector involvement will continue with the RECDS IRP.

## X. RELENDING PLAN

### PROGRAM ELEMENTS OF THE PLAN

The purpose of the RLF is to provide business loans which leverage private sector funds in order to create or retain jobs and improve the economic climate in the cities of [REDACTED], [REDACTED], [REDACTED], and the unincorporated area of [REDACTED] County.

The staff of [REDACTED] Economic Development Corporation will assist the applicant business by putting together a loan package for review by the Loan Administration Board (LAB). The nine-member loan board makes the initial decision regarding loan approval after reviewing the loan package, which includes the necessary financial analysis prepared by the Loan Coordinator. The loan package is then sent to RECDS for concurrence and final approval.

#### Standards for the RLF Portfolio

1. The job/cost ratio of jobs either saved or generated is expected to average one for each \$4,000 for the entire loan program. One job per \$35,000 will be the maximum allowed for the portfolio.
2. It is anticipated that a minimum of 30% of all jobs will be given to the long term underemployed/unemployed. This will be accomplished with first-source hiring agreements between the business and the [REDACTED] County Job Training Office whenever possible. This office carries out the federally funded Job Training Partnership Act (JTPA) programs/services for the unemployed/underemployed whose family income is below the poverty level. Proteus Adult Training, a non-profit training program specializing in the training and placement of farm workers in non-farm jobs, is a local resource which [REDACTED] County Job Training Office will also use.
3. 30% of all jobs created will be in manufacturing.

4. The ratio of private sector dollars to be leveraged by the RLF funds will be a minimum 2 to 1, with the goal being 3 to 1. This leverage ratio applies to the RLF portfolio as a whole.
5. Generally speaking, RLF financing will be available to support the retention, start-up and expansion of businesses that help diversify the economy and that create significant long-term permanent employment. The major emphasis will be as follows:
  - a. equipment loans to existing, new or expanding businesses
  - b. remodeling and/or purchase of existing vacant buildings for owner occupancy
  - c. working capital
  - d. loans to public agencies which will help attain the goals and objectives of the RLF

This assumes SBA loans will continue to be a resource for facility acquisition/construction and in some cases, the RLF loans will complement SBA loans.

Loans generally will be made to companies which meet the criteria established by SBA identifying them as "small business" in nature; however, loans may be made in special circumstances to larger companies in order to encourage them to expand and to locate in the designated service area of ██████ County.

"Low-tech" will be sought rather than "high-tech" because there is a greater expectation of jobs in ██████ County from these type of industries and businesses. High-tech type businesses will certainly be eligible for loans, but they are not expected to make up a significant percentage of the RLF loan portfolio.

Financing of either industrial or commercial ventures which will improve the county's agricultural economy will be pursued, such as value-added processing.

The RLF will be used as an incentive to encourage existing firms to expand or to attract outside firms.

6. The Loan Administration Board will be objective in looking at all loan applications. The credit worthiness of the loan applicant will always be a primary consideration. However, the creation and saving of jobs will also be of major importance in considering applications. The generation of new taxes, especially those in the target redevelopment areas, will be an important consideration. Small businesses, especially women-owned businesses and minority-owned businesses which have a history of success, will be encouraged to use the RLF. Approximately 45% of the county population is minority; the RLF loan program and professional financial counseling can lead to successful start-up and expansion of minority-owned businesses.

To ensure that RLF funds will not merely substitute for available private capital, borrowers will be required to provide a statement indicating that they are unable to borrow from commercial lenders under similar terms as those provided by the RLF. The RLF staff will substantiate these when in question and will contact lenders to ascertain possible participation with RLF involvement.

An anticipated breakdown of borrowers by dollar amount is as follows:

Public/Private Borrowers -- 5/95

New Facilities (out of county firms)/Expansion (existing firms) -- 40/60

Locally/Externally owned -- 70/30

Small (SBA definition)/Large -- 90/10

Industrial/Commercial/Other -- 60/40

Traditional/New Technology -- 95/5

### Financing Policies

Loans will be available, generally speaking, for the use of working capital and fixed assets, especially equipment. Loans will be made at prime rate, and will be fixed for the life of the loan. The loan will be secured by liens on fixed assets and personal guarantees. It is [REDACTED]'s policy to accept subordinated lien positions to encourage private lender participation. [REDACTED] secondary position will be passed on to RECDS. In unusual circumstances, the RLF may permit prior

payback of other loans made in connection with the project to encourage participation of commercial banks and other lending institutions. However, RLF loans will normally be made for a term no greater than that of the participating lender.

1. Number of Loans: Based upon the performance of the past year, the total number of loans expected to be made in the initial 12 months of the program is 11.
2. Loan Amounts -- Dollar Limits: Loans will not ordinarily be made in amounts less than \$10,000 and may not exceed \$250,000 to any one entity in one year and on a single project. The average-size loan is expected to be near \$80,000.
3. Term of Loans: The term of working capital loans will not exceed 5 years. The term of a fixed asset loan will not be greater than the weighted average useful life of the fixed asset of the project. In no case may a fixed asset loan be made for a term of more than 20 years. RLF loans will be amortized in full during the term.
4. Standard Terms For All Loans: Standard terms for all loans will be monthly payments amortizing principal and interest. The LAB may adjust payments and payback schedule in special circumstances (see 6 below).
5. Standard Interest Rates: RLF loan interest rates will be the prime rate published in the Western Edition of the "Wall Street Journal" as established by the on the date of closing and will be fixed for the life of the loan.
6. Special Financing Techniques: Repayment schedules may be adapted to fit the individual business's circumstances; interest only payments may be permitted under special circumstances, not exceeding six months. Subordination to other lenders will be allowed.
7. Equity and Collateral Requirements: The LAB will obtain sufficient and adequate collateral to secure all RLF loans. The collateral will be assigned to RECDS as security for the loan. Collateral will usually be in the form of liens of the assets financed, including fixed assets such as machinery and real estate, accounts receivable, inventory and lease assignments.

Liens upon other non-project assets of the borrower may also be used to secure the loan. It will also be the general policy of the LAB to require personal guarantees by the principal borrowers as deemed appropriate. Personal guarantees will normally be required of all persons/entities holding a 15% or more interest in a borrower. Standard equity required will be a minimum 15%.

8. Restructuring RLF Loans: The Loan Administration Board may approve revisions to the terms and conditions of existing RLF loans from time to time as they deem appropriate provided, however, that the revisions strengthen the borrower's repayment ability.
9. Use of the Interest Payments: Interest earned from repayments of the loans shall be used for administrative costs when needed or placed in the RLF capital fund if they are deemed surplus by the LAB.
10. Loan Fees: Loan origination fees are approved by the LAB. These origination fees, or other similar charges, may be used for administrative costs or professional fees. The LAB intends that the fees not be excessive and that they be reasonable. The normal loan fee charged to RLF borrowers will not exceed 1% of the amount borrowed, payable at closing, with a minimum of \$100 plus closing costs and filing fees.
11. Administration of the RLF: [REDACTED] Economic Development Corporation of [REDACTED] County, an SBA Associate Development Corporation, will administer the RLF. RLF loans may be made in conjunction with other loans, including SBA 504 and 7A. When the RLF is used in conjunction with the SBA 504 loan program, the SBA debenture will not count as the "private" leverage part of the RLF loan ratio. RLF monies will not be used for interim financing for SBA 504 loans, and whenever possible the RLF will take an equal position with the SBA loan.
12. Projects Not Eligible For Financing: RLF funds will not be used to finance the following:
  - a. Costs incurred prior to the LAB's approval of the application unless the costs are specifically allowed by the LAB or receive the RLF's consent prior to incurring the costs, e.g., costs incurred subsequent to application submittal, but prior to approval.

- b. Acquisition of equity in private businesses.
- c. Subsidy of interest payments.
- d. Refinancing of loans made by other lenders.
- e. The equity contribution required of borrowers participating in other federal loan programs.

#### Time Schedule For Loan Closings

Based on the applications now being taken and in progress, it is estimated that the first loans can be closed 60 days after receiving the RECDs funds and the entire amount will be committed within [REDACTED] months. All loans will be closed within [REDACTED] years of approval of the IRP loan by RECDs.

#### Related Activities

1. Technical and Management Assistance: Borrowers that need technical and management assistance will be directly assisted or referred to other organizations with other services. [REDACTED] Economic Development Corporation works closely with all city and county agencies and the staff has knowledge of requirements for various permits and licenses. Assistance includes referring clients to proper governmental agencies, financial institutions, SBA SCORE, and others. Depending upon the type of assistance needed, clients may be referred to professional business consultants in the area who are capable of developing business plans and assisting clients, not only on financial matters, but also marketing, inventory control, production, etc.
2. Loan Packaging and Referral Services: Presently, [REDACTED] has a full-time staff consisting of an Executive Director, a Loan Coordinator, an Economic Development Manager, an Enterprise Zone Technician, and a full-time clerk. The [REDACTED] Board of Directors and membership also are excellent resources, composed of individuals from diverse business

fields, including restaurant management, farming, banking, credit analysis, insurance, manufacturing, real estate, engineering, and others. Members of the [REDACTED] EDC Board of Directors and Loan Administration Board are highly supportive of [REDACTED] Economic Development Corporation and are willing and able to meet with staff to review issues relative to the economic development and loan programs.

3. Employment Needs: [REDACTED] Economic Development Corporation works very closely with two major training organizations which will provide assistance to long-term unemployed/underemployed and low-income persons. Both organizations, [REDACTED] County Job Training Office and Proteus Adult Training, as well as the [REDACTED] State Employment Development Department, work regularly with [REDACTED] EDC's policy to bring these organizations into project discussions as early as possible when clients are considering locating or expanding in the county. They will be an essential resource to business applicants in meeting the requirement of hiring 30% or more of its work force from those with income below the poverty line, as defined in section 673 (2) of the Community Services Block Grant Act.

## ADMINISTRATIVE ELEMENTS OF THE PLAN

### Loan Administration Board

The Loan Administration Board (LAB) will consist of seven to eleven individuals representing a cross section of the community's business leaders. The composition of the LAB will consist of at least two representatives from the minority community and will proportionately represent the county minority population, at least one elected official, two members from the financial community with commercial lending experience and the balance from the business community. All RLF loan proposals must be submitted to the LAB for review with initial approval of all RLF loans by the LAB before they can be submitted to the RECDS for final approval. Fifty percent (50%) of the members of the LAB constitute a quorum. at least one member from the financial community with commercial lending experience will be present for all loan approvals. Any LAB member, staff person, or professional associated with the RLF shall reveal to the LAB any business relationship (example - CPA) with a loan applicant in order to avoid any possible conflict of interest. No officer, employee, or member of the LAB, or person related to the officer, employee, or member of the LAB by blood, marriage, law, or business arrangement shall

receive any benefits resulting from the use of loan or grant funds, unless the officer, employee, or LAB member affected first discloses to the LAB on the public record the proposed or potential benefit and receives the LAB's written determination that the benefit involved is not so substantial as to affect the integrity of the LAB's decision process and of the services of the officer, employee, or LAB member.

In the event representatives from the financial community on the LAB have a separate financial interest (excluding regular checking and savings accounts) in a loan applicant, such member will not participate in the loan deliberations.

A roster of the Loan Administration Board is contained in Exhibit II.7.

#### Staff Capacity

The staff of [REDACTED] Economic Development Corporation of [REDACTED] County includes a full time Executive Director, Loan Coordinator, Economic Development Manager, Enterprise Zone Technician, and a full-time clerk. The staff will be responsible for marketing, screening loan applicants, preparing loan packages, loan processing, loan closing and loan servicing. Staff will, as required:

1. Publicize RLF objectives and availability in the designated service area.
2. Screen all applicants for loans and potential candidates will be asked to submit preliminary information and an application.
3. Work with applicants to help them prepare complete applications; do loan and credit review and make final recommendation to the Loan Administration Board.
4. Submit the initially approved loan package to RECDS with all necessary RECDS required documents.

5. For approved loans, insure proper execution of documents, and compliance with all appropriate regulations, and see that there is a timely loan closing and implementation of project.
6. Monitor on-going operations of loan recipients, provide management consulting assistance and recommend loan revisions as appropriate, and review reports from the business as required in the Loan Agreement.
7. Do loan servicing and accounting.
8. Do loan collections with attorney, including asset liquidation.
9. Provide monthly financial reports for the RLF, including individual account status.

Credit reports by staff will be obtained on all loan applicants. Financial and other information will be held in strict confidence by staff and the Loan Administration Board.

### Marketing

A variety of marketing activities will be undertaken to acquaint businesses and lending institutions in the designated service area with the availability of the loan program -- and how to apply for it. This will be particularly important in the small rural communities of the designated service area. Activities will include:

1. Meetings with local officials to acquaint them with the program.
2. Presentations to service clubs in the loan program's designated service area to describe the program and explain its availability to businesses. These presentations will be focused on the audience benefit each time, so they will be tailored to the specific service group.
3. Sales letters to all business support professionals in the area, such as accountants, bookkeepers, industrial real estate brokers, and others. It is anticipated that these letters

will produce a good response, providing [REDACTED] EDC with the opportunity to explain the loan program.

4. Attendance at all loan closings, ribbon cuttings and other events, which are covered by the local media and well-attended by other business people. This will give [REDACTED] the opportunity to network and discover opportunities to assist companies, especially in cases where [REDACTED] EDC has been instrumental in the featured company's financing for the project being celebrated.
5. Involvement with local Chambers of Commerce, which refer businesses to [REDACTED] EDC for financing assistance. [REDACTED] EDC's Loan Coordinator is a former president of a Chamber of Commerce and maintains strong Chamber ties. The Economic Development Manager serves on the economic development committees for the [REDACTED] and [REDACTED] Chambers of Commerce. The Executive Director serves on the Government Relations Committee, the Industrial Development Committee, and the Business and Education Together Committee for the [REDACTED] Chamber of Commerce. [REDACTED] EDC is a member of all the Chambers of Commerce in [REDACTED] County.
6. Contacting the media to explain programs and services which are available and to publicize successes with local businesses.
7. Spending time "in the field" with other business people in the community and following up on local businesses which have requested assistance or information. This will be especially important in the small rural communities of [REDACTED] County.
8. Distributing brochures which discuss the loan program to existing and new businesses to educate or remind them about the loan services which [REDACTED] offers, including the linkage to SBA 504 and 7A loan guarantee programs.
9. Linking through the [REDACTED] Board of Directors and the Loan Administration Board to lending institutions, to spread the word to businesses which might benefit from the program.

## Eligibility Criteria

Borrowers must fulfill the following requirements:

1. Be a legal entity.
2. Be an existing or new business located in the designated service area.
3. Be unable to obtain credit elsewhere for the proposed project, with a turn-down letter from at least one lending institution.
4. Have demonstrated managerial/business skills and ability necessary to successfully operate the business.
5. Have good past credit history.
6. Demonstrate reasonable prospects of repayment ability.
7. Commit to hiring at least 30% of workforce from households with income below the poverty level, as defined in section 673 (2) of the Community Services Block Grant Act.

Borrowers will be approved based upon a reasonable assurance and determination of repayment ability and potential economic benefits to the community, i.e., number of jobs they will create, amount of taxes to be paid, relation to other businesses and services.

## Loan Selection and Approval Process

Loan application forms are contained in Exhibit III.5. The steps of the loan application and approval process are as follows:

1. Applicant contact regarding financial assistance.
2. Applicant interviewed/screened regarding financial needs, business information, and bank participation refusal.
3. The staff will provide an application package which includes a checklist of requested information.
4. The information is provided by the applicant.

5. Once the information from the applicant is complete, the applications will be reviewed by staff and, if necessary, the staff will contact a banking institution, SBA, or others to participate in the total loan package.
6. After all required information has been assembled, including the first-source hiring agreement, then the Loan Administration Board will review the application and staff recommended action. Prior to that time, as part of the loan package, the borrower may be referred to consultants for evaluation of their proposed operation. This will be especially true of smaller firms. Consultants may be successful local businessmen, accountants, attorneys or SBA SCORE representatives living in the area. The LAB will review projects, as objectively as possible, evaluating the expectations of success.
7. Upon recommendation of the staff and contingent upon approval of other participating lenders, the Loan Administration Board will give their approval or disapproval.
8. At that time, ████████ EDC will submit to RECDS a copy of the approved loan application and provide certification that the applicant is eligible; the proposed loan is for an eligible purpose; and the proposed loan complies with all applicable statutes and regulations; and the necessary security is available. ████████ EDC will include all required RECDS documents and be responsible for all RECDS processes required to complete the ultimate recipient loan. No commitment of loan funds to the applicant will be made by ████████ EDC until an affirmative decision of proceeding with funding is given by RECDS.
9. Once RECDS approval has been received, staff will notify the applicant and an Approval Letter will be mailed by ████████ EDC to the applicant outlining the information necessary to close the loan, any other information outstanding, and the terms and conditions of the loan.
10. Commitment of other financing is obtained by the applicant and documents submitted to Crown.
11. The closing documentation -- A Promissory Note, Security Agreement and Loan Agreement, and any other related documents will be prepared.
12. Closing documentation will be reviewed by an attorney. Legal assistance for closings and subsequent servicing (foreclosure) will be provided by ████████ EDC's attorney.

13. Loan closing occurs, with the disbursement check given to the applicant.
14. Project records are set up.
15. Project monitoring occurs regularly.

Many borrowers will be capable of operating in a profitable manner with little or no assistance required of the LAB and staff. Others will need on-going management assistance. All companies will be required to have a capable accountant and attorney. The RLF staff may provide assistance to the borrower with permits, zoning, training programs, market studies, and raw material surveys.

Potential loan projects shall meet the general intent and purposes of the RLF. In evaluating applicants, the LAB shall consider:

- a. Will it meet the job/cost ratio of one job for each \$4,000 established as a goal for the RLF?
- b. Does it meet the leveraging ratio of \$3:\$1 (\$3 of private money to each \$1 of public money) established as a goal for the RLF?
- c. Will it commit to hiring at least 30% of its workforce from persons whose income is below the poverty line?
- d. Is there a reasonable assurance of repayment of the loan?
- e. Are new employees expected to come from ██████ County?
- f. Would the loan be substituting for other financing available under similar terms? If so, the RLF is not needed.
- g. Will it repair and/or improve existing deteriorated structures?
- h. Will it significantly improve the tax base?
- i. Will it be an asset to the community by its relationship to the agriculture community or other businesses?

The RLF Program will not be utilized to make loans to a business entity if the principal or any owner of an interest in such entity is related by blood, marriage, or law, to any officer or member of the LAB who has loan approval authority.

The staff will ascertain that the applicant has no conflict of interest relationship with ██████

EDC staff or its Board of Directors prior to processing the application. The procedure will become an element in the sequential evaluation procedure.

#### Loan Servicing and Monitoring The Business's Accomplishments

1. The staff will be responsible for monitoring all loans and will report any delinquencies past 30 days to the Loan Administration Board. Staff has in-house capabilities to manage/administer and service the RLF program.
2. An amortization schedule will be provided to all borrowers.
3. ████████ EDC staff will conduct periodic visits to the project site, meeting with management and/or the business owner. A site visit/contact file is kept on each borrower. Borrowers will be contacted at least once a year for employment data. In addition, ████████ EDC staff will maintain informal contact with all borrowers.
4. All required loan documentation and special provisions, such as reporting needs consistent with RECDS requirements, will be monitored. A tickler file has been established to insure that special provisions of the loans are met.
5. Loan terms may be restructured, modified, or granted moratoria, not to exceed six months by the LAB, in special circumstances if the action would increase the probability of the borrower's success and improve the borrower's repayment ability.
6. To assist in the monitoring of the RLF loans for delinquent payments, the staff will utilize a monthly management report which will be submitted to the Executive Director, the LAB, and ████████'s Executive Committee. The monthly management report will include an aging list reporting notes which are current, 30 days, 60 days, 90 days, or older for each RLF client. Due dates and additional comments will also be incorporated.
7. If a loan should become past due, ████████ EDC will assess a 5% penalty on payments made later than 10 days after the due date.

### Draw-down of RECDS Funds

██████ EDC will request funds on the basis of the RECDS draw-down system. In the past, ██████ EDC has not requested funds until the loan is finally approved.

### First Payment by Ultimate Recipient

The first payment by the ultimate recipient is due within 60 days of loan closing.