

<b>LOAN PROGRAMS</b>	<b>FIRST INDUSTRIES FUND – SMALL BUSINESS FIRST (SBF-FIF)</b>	<b>FIRST INDUSTRIES FUND – MACHINERY AND EQUIPMENT LOAN FUND (MELF-FIF)</b>	<b>NEXT GENERATION FARMER LOAN PROGRAM</b>	<b>SMALL BUSINESS ADMINISTRATION 504 PROGRAM (SBA 504)</b>
<b>ELIGIBILITY</b>	Sole Proprietorships or Small Businesses ( ≤ 100 employees) involved in: <ul style="list-style-type: none"> <li>• Agriculture Production</li> <li>• Food Processing</li> <li>• Wholesale of Farm Commodities</li> <li>• Urban &amp; Rural Supermarkets</li> <li>• Farmers' Markets</li> <li>• Agri Waste &amp; Fertilizer Management</li> </ul>	Sole Proprietorships or Small Businesses ( ≤ 100 employees) involved in: <ul style="list-style-type: none"> <li>• Agriculture Production</li> <li>• Food Processing</li> <li>• Wholesale of Farm Commodities</li> <li>• Urban &amp; Rural Supermarkets</li> <li>• Farmers' Markets</li> <li>• Agri Waste &amp; Fertilizer Management</li> </ul>	Beginning or First-Time Farmers who are purchasing farmland and meet the following criteria: <ul style="list-style-type: none"> <li>• No prior ownership interest in substantial amount of farmland</li> <li>• Applicant must be sole owner and user</li> <li>• Applicant must be at least 18 years old</li> <li>• Sole proprietor net worth ≤ \$500,000</li> <li>• Partnership net worth ≤ \$800,000</li> <li>• Must meet bank's credit standards</li> </ul>	Sole Proprietorships or Small Businesses (tangible net worth < \$8.5 million and average net income < \$3 million) including: <ul style="list-style-type: none"> <li>• Agriculture Production</li> <li>• Most For-Profit Businesses</li> </ul>
<b>ELIGIBLE USES</b>	<ul style="list-style-type: none"> <li>• Farmland Acquisition</li> <li>• Related Party Farm Purchases</li> <li>• Barn and Building Construction</li> <li>• Machinery &amp; Equipment Purchases / Upgrading<sup>1</sup></li> <li>• Working Capital</li> </ul>	<ul style="list-style-type: none"> <li>• Machinery &amp; Equipment Purchases / Upgrading<sup>1</sup></li> <li>• Dairy Cow Purchases</li> </ul>	<ul style="list-style-type: none"> <li>• Farmland Acquisition</li> <li>• Related Party Farm Purchases</li> <li>• Barn and Building Construction</li> <li>• Machinery &amp; Equipment Purchases / Upgrading<sup>1</sup></li> <li>• Breeding Livestock</li> </ul>	<ul style="list-style-type: none"> <li>• Farmland Acquisition</li> <li>• Barn and Building Construction</li> <li>• Machinery &amp; Equipment Purchases / Upgrading<sup>1</sup></li> <li>• Facility Enhancements</li> </ul>
<b>AMOUNTS</b>	<ul style="list-style-type: none"> <li>• Loans up to \$200,000 or 50% of total eligible project costs (whichever is less)</li> <li>• Working capital loan maximum is \$100,000 or 50% of total eligible project costs (whichever is less)</li> </ul>	<ul style="list-style-type: none"> <li>• Loans up to \$500,000 or 50% of the total eligible project costs (whichever is less)</li> </ul>	<ul style="list-style-type: none"> <li>• Tax-exempt loan up to \$450,000 provided by the applicant's bank for land and related asset purchases</li> <li>• Tax-exempt loan proceeds for purchase of used equipment may not exceed \$62,500</li> </ul>	<ul style="list-style-type: none"> <li>• Loans up to \$2,000,000 or 40% of total eligible project costs,(whichever is less)</li> </ul>
<b>TERMS / CONDITIONS</b>	<ul style="list-style-type: none"> <li>• 10-year U.S. Treasury + 1.00%</li> <li>• 15-year term for real estate</li> <li>• 10-year term for machinery and equipment</li> <li>• 3-year term for working capital (all rates fixed for entire loan term)</li> </ul>	<ul style="list-style-type: none"> <li>• 10-year U.S. Treasury + 1.00%</li> <li>• 10-year term for machinery and equipment</li> <li>• 7-year term for dairy cows (all rates fixed for entire loan term)</li> </ul>	<ul style="list-style-type: none"> <li>• Tax-exempt bank interest rate</li> <li>• Bank sets term and provides funding</li> <li>• All fund uses must be associated with agricultural land being acquired</li> <li>• Value of residence is ineligible</li> <li>• Related party farm must be purchased at an agricultural use market rate</li> </ul>	<ul style="list-style-type: none"> <li>• Market interest rate (average rates based on 5 and 10-year Treasury notes plus 200 basis points)</li> <li>• 20-year term for real estate</li> <li>• 10-year term for machinery and equipment (all rates fixed for entire loan term)</li> </ul>
<b>FEES &amp; CLOSING COSTS</b>	<ul style="list-style-type: none"> <li>• 2.00% Commitment Fee</li> <li>• \$2,000 - \$2,500 Legal Fees</li> <li>• Title Insurance (real estate only)</li> <li>• \$150 - \$300 Recording &amp; Other Fees</li> </ul>	<ul style="list-style-type: none"> <li>• 1.00% Commitment &amp; Legal Fee</li> <li>• \$750 Application Fee</li> <li>• \$750 Closing Assistance Fee (Optional)</li> </ul>	<ul style="list-style-type: none"> <li>• 0.50% Commitment Fee</li> <li>• \$2,000 Bond Council Fee</li> <li>• \$500 Application Fee</li> </ul>	<ul style="list-style-type: none"> <li>• 2.50% Commitment Fee</li> <li>• \$3,500 - \$4,000 Legal &amp; Closing Fees</li> <li>• Title Insurance (real estate only)</li> </ul>

<sup>1</sup> Titled vehicles are ineligible under all programs

**EDC FINANCE LOAN APPLICATION CHECKLIST**

**UNDERSTANDING INTEREST RATES AND FEES**

**I. FINANCIAL INFORMATION**

- 3 years financial statements or tax returns
- Interim financial statement (if applicable)
- 1 year projections (if expanding operations)
- 3 years projections (if starting new operations)
- Current personal financial statement – signed (any ownership  $\geq$  20%)
- Personal tax returns (3 years)

**II. PROJECT INFORMATION**

- Cost estimates – bids, quotes, contractor estimates
- Copy of sales agreement (real estate purchases)
- Description of project’s purpose
- History of farming operations

**III. APPLICATION REQUIREMENTS**

- Consent to obtain credit information (signed)
- Commitment letter(s) from other funding source(s)
  - Appraisal (real estate only)
  - Environmental questionnaire (real estate only)
  - Nutrient management plan
  - Top 3 revenue sources for the farm
  - Top 3 suppliers of products used on the farm

**IV. PRE-SETTLEMENT REQUIREMENTS**

- Copies of all project invoices
- EDC Finance Corporation named as loss payee on property insurance (only with SBF-FIF loan)
- Title insurance (real estate only)

EDC Finance Corporation is a private non-profit company established to promote and administer federal, state, and local funding programs and does not receive any interest paid on program loans. The commitment fee charged is the only fee the organization receives for administering the loan through its entire term. Legal fees are charged for EDC Finance Corporation’s attorney, who must prepare and review all loan documents. Program loans do require title insurance for the amount of the loan in instances where real estate is taken as collateral.

Under the First Industries Fund – Small Business First and First Industries Fund – Machinery and Equipment Loan Fund programs, all fees *can* be wrapped into the loan amount and borrowed as project costs.

Under the SBA 504 program, all fees *must* be wrapped into the loan amount and borrowed as project costs.

**CURRENT INTEREST RATES as of: 7/1/2009**

First Industries Fund – Small Business First	4.75%
First Industries Fund – MELF	4.75%
Next Generation Farmer Loan	Specific to Bank
SBA 504 (all-in rate)	4.40% (10-year)
	5.24% (20-year)