

Loan Assistance Agreement

This agreement is entered into this _____ day of _____, 20____, by and between Region IV Development Association, Inc. and Region IV Development Corporation dba Business Lending Solutions (collectively “BLS”) and _____, of _____, _____, (collectively “Client.”).

RECITALS

- A. BLS is a non-profit organization that packages, manages and/or operates loan programs designed to assist businesses who request assistance in obtaining financing. BLS currently operates multiple loan programs. The appropriate loan program for a particular Client is dependent upon the size of the loan and the components of the project required by the business.
- B. As a funding option for Client, BLS packages, manages and operates the SBA 504 Loan Program which is used for financing fixed assets for owner-occupied existing or start up businesses (“SBA 504 Loan Program”).
- C. In addition to the SBA 504 Loan Program, BLS packages, manages and operates other loans that are dependent upon the size of the loan and the components of the proposed project (“Other Loan Programs”). The SBA 504 Loan Program and Other Loan Programs are collectively referred to as “Loan Programs”.
- D. Pursuant to this Agreement, Client desires BLS to investigate and, if feasible, assist Client in qualifying for funding pursuant to the SBA 504 Loan Program or Other Loan Programs.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. **Investigation.** BLS agrees to investigate the feasibility of obtaining financing under such Loan Programs available to BLS through conventional and governmental sources including, but not necessarily limited to, direct bank loans and credit facilities offered through the U.S. Small Business Administration (SBA), U.S. Department of Agriculture (USDA), and other lending organizations (“Lending Organizations”). BLS will pursue financing for Client if it determines in its sole discretion that Client is potentially qualified within known eligibility criteria for the Loan Programs (“BLS Qualification”). If BLS determines Client meets BLS Qualification requirements, BLS will package and submit a loan application (“Loan Application”) to the appropriate Lending Organization on behalf of and for the benefit of the Client.
2. **Client Information.** Client understands that in preparing the Loan Application, it will be necessary for it to provide BLS with certain information which includes, but is not necessarily limited to financial information, purchase agreements, business plans, franchise information and other information necessary or required by Lending Organizations to evaluate the Loan Application (“Client Information”). Client further understands and agrees that BLS may provide Client Information to the appropriate Lending Organizations on behalf of and for the benefit of Client. BLS is relying upon Client to promptly and accurately supply Client Information essential to the evaluation and preparation of a Loan Application. Client hereby agrees to provide requested Client Information in a timely manner and consents to BLS providing Client Information supplied to it by Client or prepared on behalf of Client to prospective Lending Organizations.
3. **Financing.** Client understands that financing for Client is dependent upon factors which BLS cannot control such as economic and financial factors, the independent and separate decision of oversight

committees and/or lending institutions, changing lending programs and criteria, and other variables outside of the control of BLS. Accordingly, BLS does not represent or guarantee that Client will obtain financing. Client agrees that BLS shall not be responsible or liable in any manner to the Client or any other individual or entity in the event that financing is not obtained from Lending Organizations or Loan Programs, regardless of the reasons or basis for such failure of qualification or eligibility. Client also agrees that BLS shall not be liable for any of the debts or obligations incurred in and for the assistance or benefit of the Client.

4. **Hold Harmless.** Client hereby voluntarily and knowingly waives and releases any and all claims and causes of action it may have against BLS arising or resulting from, or in any way connected with, this Agreement, and any services provided by BLS, and further agrees to hold harmless and indemnify BLS from any claims or causes of action which may hereafter be brought by any person or entity based on any services provided by BLS, or from any representation or statement made with respect to the services provided.

5. **SBA 504 Loan Program.** Client understands that if the loan is funded that there will be and agrees to pay all applicable loan processing fees, servicing fees and costs including but not limited to:

(a) Processing Fees

1. Attorney Review/Processing Fee for Closing – \$2,500 (estimated fee)
2. Funding Fee – 0.25% of loan proceeds
3. Underwriter Fee – *Underwriters fee calculated as follows: For 20 year Debentures, the sum of the Net Debenture Proceeds plus the combined total of the Attorney Review/Processing Fee for Closing and the Funding Fee divided by 0.99600; round this number up to the next highest thousand; multiply this number by 0.00400. For 10 year Debentures, the sum the Net Debenture Proceeds plus the combined total of the Attorney Review/Processing Fee for Closing and the Funding Fee divided by 0.99625; round this number up to the next highest thousand; multiply this number by 0.00375.*

(b) Servicing Fees

1. BLS Servicing Fee 0.8% of declining principal balance, adjusted every 5 years (Current Rate - Subject to change depending upon when the loan is approved)
2. Central Fiscal Agent Fee 0.1% of declining principal balance, adjusted every 5 years (Current Rate - Subject to change depending upon when the loan is approved)

(c) Loan Closing Costs. Costs incurred in obtaining and closing a loan including, but not limited to, title insurance, recording, appraisals, lien searches, flood zone determinations, legal expenses, environmental reviews, and other related loan costs (“Loan Closing Costs”).

6. **Other Loan Programs:** At the time of signing this Agreement, Client will pay to BLS a packaging fee in the amount of \$_____ (“Other Packaging Fee”).

(a) If a loan is funded, the Other Packaging Fee will be fully retained to offset expenses incurred by BLS for document preparation, loan closing, legal costs, lien searches, document filings, credit reports, Certificates of Good Standing, and other required documentation. In the event BLS is reimbursed for all or a portion of such costs from the Other Loan proceeds, if the loan is funded, BLS agrees to return that portion of the Other Packaging Fee to Client that was reimbursed to BLS.

(b) In the event that the Loan Application is declined, the Other Packaging Fee will be returned to the Client less any BLS out-of-pocket expenses incurred in processing the Loan Application; provided, however, that if the Loan Application is denied due to actions of Client or if Client chooses not to close the loan, the Other Packaging Fee shall be fully retained by BLS.

- (c) In addition to the Other Packaging Fee, Client also understands that if the loan is funded that there will be and agrees to pay all applicable loan processing fee, servicing fees and Loan Closing Costs.

7. **Automatic Debit for Loan Payments.** For loans that are serviced by BLS, Client understands and agrees that it will be required to remit payments via an automatic debit system. On the loan payment date, BLS or its' fiscal agent will debit a bank account designated by the Client for the total payment, including principal, interest, and servicing fees. BLS agrees to provide Client with an amortization schedule prior to the deduction of the first payment.

8. **Business and Credit Information.** Client agrees that BLS may receive confidential personal, business, financial and credit information about the Client from financial institutions, accountants, credit reporting agencies or other sources. BLS agrees that all information will be held in confidence and not divulged to persons or agencies other than to the prospective lenders, guarantors, regulatory agencies, loan approval agencies and their personnel and as required for the Loan Application process or as required by applicable law.

9. **Prepayment Penalty.** Client understands that loans obtained from the Loan Programs may have prepayment penalties or premiums. The amount of such penalty or premium is determined by the applicable Loan Program.

10. **Change of Circumstances.** Client agrees to notify BLS immediately in writing of any material change in the Client's financial condition or eligibility for a Loan Program, and the absence of such notification shall be considered a continuing statement that no such unfavorable change has occurred. Client also agrees to notify BLS of any change in the ownership of the business receiving financial assistance or any of its owners/guarantors.

11. **Subordination of Third Party Leases.** If applicable, Client understands that any leases or subleases between the Client and third party tenant or subtenant executed prior to closing of any loan must be subordinated to the loan by execution of estoppels, consents, assignments and subordination agreements. Client acknowledges receipt of a copy of the Important Information Regarding Leases, a copy of which is attached hereto and incorporated herein by this reference and agrees to provide all existing and/or proposed tenants or subtenants with a copy of the same. Client will provide to BLS and/or the lender prior to closing of the loan, written confirmation of the tenants' and/or subtenants' agreement to execute that document. Client further understands that, if for any reason, BLS is unable to obtain the required documentation in a form and content required as a condition of the loan, then the loan will not close and funding will not occur.

12. **Miscellaneous.**

- (a) *Entire Agreement.* This instrument contains the entire agreement between the parties hereto with respect to the transaction contemplated. Each of the parties hereto has caused to be included herein all such representations and warranties as it considers material for the purposes of the transaction contemplated hereby, based upon investigations which each of them has made of the business and affairs of the others. The representations and warranties contained herein constitute all of the representations and warranties upon which the parties hereto have relied.
- (b) *Governing Law.* This Agreement and interpretation hereof shall be governed by the laws of the State of Idaho.

- (c) *Severability of Provisions.* The inability or unenforceability of any term, phrase, clause, paragraph, restriction, covenant, agreement or other provision hereof shall in no way affect the validity or enforcement of any other provision, or any part thereof.
- (d) *Modification.* This Agreement cannot be modified, changed, discharged or terminated except by an instrument in writing, signed by the party against whom the enforcement of any waiver, change, discharge or termination is sought.
- (e) *Attorney's Fees.* In the event any party to this Agreement is required to institute legal proceedings to enforce the terms of this Agreement, the parties agree that the prevailing party in that litigation shall be entitled to an award of all attorney fees and costs incurred at all stages of the proceeding, including any appeal therefrom.
- (f) *Further Documents.* The parties hereto agree that they shall sign such other and further documents as may be required to carry into effect the terms and conditions of this Agreement.

The person(s) signing on behalf of Client certify that he/she/they are authorized to sign by, and are signing on behalf of any partnership, individuals, limited liability company, corporation, affiliates, and/or other entities that are to be assisted under this agreement, whether or not they are listed in the preamble to this agreement, and whether they exist now or in the future.

Client

**Region IV Development Corporation
dba Business Lending Solutions**

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

IMPORTANT INFORMATION REGARDING LEASES

Many loan programs have very specific requirements as to the structuring of leases in buildings financed under the 504 loan program. If you are/will be leasing space in your building, one of the following scenarios will apply. Your BLS Loan Officer can assist you in identifying which scenario applies to your situation and can explain the requirements to you.

SCENARIO ONE

The business (operating company) holds title to the property. In this circumstance, no lease is required.

SCENARIO TWO

The business (operating company) will occupy 100% of the space in the building and will lease that space from the property owner(s). In this case, a lease between the property owner and the operating company must be provided to us. The term of the lease should be at least as long as the life of the loan. In some circumstances, the lease may be less than the term of the loan. However, in this situation, the lease must provide a provision that the operating company the sole options of renewing the lease. The option of renewal must extend beyond the life of the loan.

SCENARIO THREE

The business (operating company) will hold title to the property and will lease some space to outside tenant(s). In this case, there must be a lease, or leases, between the operating company and the outside tenant(s). PLEASE NOTE: YOUR OUTSIDE TENANT(S) WILL BE RQUIRED TO SIGN AN ESTOPPEL, CONSENT AND SUBORDINATION AGREEMENT IN ORDER FOR YOUR LOAN TO CLOSE. You should already have received a copy of this document and have provided it to your tenant(s) for review. Please verify that your tenant(s) will be willing to sign the document prior to the time that we set up your loan closing.

SCENARIO FOUR

The property owners will hold title to the property and lease the space in the building to the business (operating company) as well as outside tenant(s). In this case, there must be a lease from the property owner to the operating company for 100% of the space in the building. The operating company will then sublease space to the outside tenants. PLEASE NOTE: THE LEASE(S) TO ANY OUTSIDE TENANT(S) MUST BE FROM THE OPERATING COMPANY AND NOT FROM THE PROPERTY OWNER. ADDITIONALLY, PLEASE NOTE THAT YOUR OUTSIDE TENANT(S) WILL BE REQUIRED TO SIGN AN ESTOPPEL, CONSENT AND SUBORDINATION AGREEMENT IN ORDER FOR YOUR LOAN TO CLOSE. You should have already received a copy of this document and have provided it to your tenant(s) for review. Pleases verify that your tenant(s) will be willing to sign the document prior to the time that we set up your loan closing.

SCENARIO FIVE

If your transaction involves multiple borrowers or multiple businesses (operating companies), the above scenarios must be modified slightly. Please contact your BLS loan officer for assistance prior to preparation of any leases.