



COLORADO STATE FOREST SERVICE (CSFS) LOAN POLICIES (October 17 2018 edition)

(Administered by the Upper Arkansas Area Development Corp. (UAADC – UAACOG))

1. FEE STRUCTURE

Submittal / Analysis fee: \$50 (non-refundable and paid with submittal of application)

Credit Check: ordered by and paid by the applicant (at applicant's cost)

Closing Fees: attorney document preparation / filing fee \$150; origination fee is 2% of the loan principal amount; loans located in the UAADC counties of Lake, Chaffee, Custer, Fremont, Teller, Park may have an additional 1.0% Colorado Credit Reserve fee added: depending on level of risk and requirements of other sources of loan funds. Servicing Fee = \$3 per month for the term of the loan

Late Payment Fee: after 10 days late 10% of the payment amount

2. **CSFS LOANS FUNCTION** in two ways: 1) to fill the gap remaining after the *primary lender* determines it cannot lend all necessary financing; 2) to provide all the finance needs of the business when other financing is not involved. CSFS loans have primarily been used to finance equipment purchases and provide working capital. Other business uses will be considered.
3. **CSFS LOAN FUND PARTNERING & NON-COMPETE:** It is the policy of the CSFS Loan Fund to partner with existing public and private sector lenders when possible. The CSFS Loan Fund does not compete with existing private sector commercial lenders. Applicants are required to make a genuine effort to secure private sector commercial financing prior to applying to the CSFS Loan Fund.
4. **MINIMUM / MAXIMUM SIZE OF LOANS:** From \$10,000 up to the amount necessary to finance identified costs. The maximum loan size is subject to availability of CSFS program funds and other loan funding sources.
5. **COLLATERAL** to secure the loan may be obtained from business and personal sources. The sufficiency of collateral will be determined by the UAADC-CSFS Board on a case-by-case basis. The sufficiency of collateral depends on the level of loan risk. Collateral must be located within the State of Colorado. Applicant may have a "co-signer" to improve collateral sufficiency.
6. **KEY PERSON LIFE INSURANCE** will be provided in an amount equal to the balance of the loan and be made payable to the UAADC-CSFS (required before closing). Key person life insurance may be waived depending on need.
7. **OWNER CASH / EQUITY INJECTION** goal will be a minimum of 10% of the total project. This policy is stated as a guideline. Documentation of owner injection cash and/or equity in business assets, including previously paid costs and equipment is required.
8. **DEBT FINANCING** or "refinancing" for recent business expenses that improve business cash flow as a part of the overall financing of the current project may be considered. Refinanced debt includes business credit card or short term debt.
9. **CREDIT REPORT** is ordered by and paid by the applicant and included in the loan application submittal packet.
10. **UNCONDITIONAL PERSONAL GUARANTEE** will be required of borrower, including principal business owners, at loan closing. This may include spouse if the spouse is involved in ownership of the business or collateral.

Equal Opportunity & ADA: The UAADC-CSFS is prohibited from discrimination based on race, color, religion, gender, national origin, age, disability, political affiliation or belief. The UAADC / UAACOG Section 504 / ADA Grievance Procedure is available upon request.

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Additional CSFS "COWOOD" Program information: <http://csfs.colostate.edu/cowood/forest-business-loan-fund/>