

UAADC LOAN POLICIES (March 2011)

1. **FEE STRUCTURE**

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

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

Closing Fees = attorney document preparation / filing fee \$150; origination fee is 3% of the loan principal amount and includes a 1% credit reserve fee

Servicing Fee = \$3 per month for the term of the loan

Late Payment Fee = after 10 days late 10% of the payment

2. **"GAP" LOANS** function to fill the gap remaining after the *primary lender* determines it cannot lend all necessary financing.
3. **"DIRECT" LOANS** function to provide loans to applicants having exhausted conventional sources of capital (do not meet bank-lending policies).
4. **MINIMUM / MAXIMUM SIZE OF LOANS:** "GAP" loans \$20,000 / \$125,000; Direct loans \$5,000 to \$100,000
5. **JOB CREATION** will occur at a minimum rate of approximately one full time equivalent (FTE) job per \$20,000 borrowed. Jobs created will predominately be full-time, and seasonal jobs may represent a small portion of the FTE total. CDBG loan projects will have a minimum of 51% of its jobs filled by persons in low/moderate income households.
6. **THE DEFINITION OF A JOB** that meets "job creation" or "job retention" requirements are the job is the "principal occupation" of the employee.
7. **COLLATERAL** to secure the loan may be obtained from business and personal sources. The sufficiency of collateral will be determined by the UAADC Board on a case-by-case basis.
8. **KEY PERSON LIFE INSURANCE** will be provided in an amount equal to the balance of the loan and be made payable to the UAADC (required before closing).
9. **OWNER CASH / EQUITY INJECTION** will be a minimum of 10% of the total project. Restaurant projects require a minimum of 20% of the total project. This policy is stated as a guideline. Documentation of owner injection is required.
10. **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 by the Board.
11. **LEVERAGING** is required on "GAP" financing loans. UAADC "GAP" loans will be less than 50% of the total financing of the business. "Direct" loans do not require leveraging.
12. **CREDIT REPORTS** are ordered and paid by the applicant and submitted prior to the Board Meeting.
13. **UNCONDITIONAL PERSONAL GUARANTEE** will be required of applicants (including spouses) at loan closing.

Equal Opportunity & ADA: The UAADC 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.

NOTE: Please contact the UAADC Administrator, Jeff Ollinger, at 719-395-2602, or Email at jeffolli@chaffee.net, if you, the prospective borrower, have any question or concern.