



## APPLICATION PROCEDURES AND LOAN ADMINISTRATION

1. Download the Umatilla Electric Cooperative Revolving Loan Fund Application at [www.UmatillaElectric.com](http://www.UmatillaElectric.com)
2. Applications will be accepted during normal business hours at the offices of Gregory Smith & Company, LLC. located in Heppner, Oregon.
3. A staff person of Gregory Smith & Company, LLC. will review applications for completeness and present complete applications to the Loan Review Committee.
4. A Loan Committee will analyze each project and make a recommendation to UEC's Board of Directors.
5. The UEC Board of Directors will review Revolving Loan Fund applications at their regularly scheduled monthly board meeting. However, if needed and at the board's option, the board may call a special meeting to review a loan application.
6. UEC Board of Director's shall have final authority to approve or deny all Revolving Loan Fund requests and to determine appropriate terms and conditions.
7. For approved loans, a loan agreement addressing all of the terms and conditions, including monitoring procedures, repayments, delinquencies, defaults and remedies for that project will be prepared by UEC's Revolving Loan Fund. In addition, UEC's Revolving Loan Fund shall have prepared all notes, mortgages, security agreements, UCC filings and other legal documents necessary to close the loan.

# Eligibility

### Umatilla Electric's Revolving Loan Fund Loans:

In general, eligible projects for loans can include any business venture, governmental public body, or entities involved in a community or economic development project that promotes job creation and/or provides needed community services that benefit rural areas, including loans to for-profit businesses and loans to not-for-profit entities. Uses of UEC's Revolving Loan Fund proceeds may be for land, fixed assets, machinery and equipment, or working capital needs. Working capital loans will only be considered in conjunction with the purchase of other assets as previously specified.

### Ineligible Uses

Ineligible uses of UEC's Revolving Loan Fund include pre-development costs, refinance of existing debts; illegal activities; legal activities that in the opinion of UEC's Board of Directors adversely affect UEC's Revolving Loan Fund Revolving Loan Fund interests; general improvement loans related to normal replacement needs of a business and unrelated to business expansion/job creation; and loans to projects which have alternative sources of financing at reasonable interest rates.

### Loan Amounts and Supplemental Financing Requirements

The minimum loan will be \$5,000 and the maximum RLF loan will be \$360,000. UEC's Revolving Loan Fund projects must include a minimum of 20% funding from other sources; greater leveraging of outside resources enhance the chances for approval of an RLF loan request.

### Interest Rate and Fees

Interest rates on UEC's Revolving Loan Fund loans will not exceed the prevailing prime rate as published in the Wall Street Journal and will be determined based on the evaluation of ability to repay and the necessity of below market financing to make the

project happen. An annual loan servicing fee of up to 1% of the unpaid balance will be charged to help cover administrative costs of UEC's Revolving Loan Fund. Borrowers will be charged for loan closing costs, attorney's fees, filing fees, etc., as necessary to complete loan documentation. All loan fees will be addressed in the Loan Agreement between UEC and the loan recipient.

### Loan Terms

The term of a UEC Revolving Loan Fund loan shall not exceed 10 years, and may be less than 10 years as determined by UEC's Board. Loan deferments of up to 2 years may be considered on a project-by-project basis. The Loan Review Committee will make a recommendation concerning the term of the loan depending upon project need, the expected life of the security and the applicant's ability to repay. The term of the loan will not exceed the expected life of the asset(s) being used as collateral. While not mandatory requirements, the following maturities will be used as a general guideline:

<b>Building</b>	<b>10 Years</b>
<b>Real Estate</b>	<b>10 Years</b>
<b>Equipment</b>	<b>5 to 7 Years</b>
<b>Working Capital</b>	<b>1 to 3 Years</b>

### Collateral

Loans will be collateralized, as determined necessary by UEC'S Board, to secure its participation in the project and can include, but is not limited to, mortgages, liens, letters of credit and/or personal and corporate guarantees. Other terms and conditions may be required as determined by the UEC Board of Directors, depending upon individual circumstances, including but not limited to assignment of leases, subordination agreements, life insurance, etc. The loan recipient will be required to maintain appropriate insurance on all secured assets and name UEC's Revolving Loan Fund as loss payee.