

Bucklin Community Better Life Foundation

Loan Policy

Investment Criteria

The Bucklin Community Better Life Foundation Directors (“the Committee”) will consider investment opportunities that have a high likelihood of securing businesses to locate and remain in Bucklin and returning invested capital to the Foundation.

Parameters

- **Impact:** The Program will consist solely of investments that further the mission of the Foundation’s loan program, which is assisting to secure businesses to locate and remain in Bucklin. The Foundation will generally make strategic investments where its capital is key and/or catalytic to success.
- **Duration:** Loans will generally call for payment in full within five years. However, the Committee may extend the duration on a case-by-case basis.
- **Allocation:** The Program seeks to assist local businesses wishing to locate, remain and/or grow in Bucklin.
- **Amount:** Preferred loan amount will not exceed \$25,000, and ideally no borrower makes up more than 20% of the Program’s total loan pool, unless approved by a two-thirds affirmative vote of the Directors.

Eligibility

Loans are available to small business applicants located in, and aiding the residents of Bucklin, Kansas. Generally, applicants should be able to meet the following criteria along with submitting the Loan Application:

- The request is in accordance with the Foundation’s purposes and the 501(c)(3) status of the Foundation.
- The applicant has sought funding from a local financial institution and has been denied funding or full funding.
- Applicant must provide a denial letter from the local financial institution that includes permission for the Foundation to discuss reasons for denial.
- Applicant must prove the benefit that such funds would provide to the Bucklin community in accordance with the mission statement of the Foundation.
- Applicant must have no prior loan defaults.
- The applicant has completed the written application and made a personal appearance and presentation to the loan committee outlining the proposed use of funds.

Generally:

- The applicant must have an identifiable source of stable income or asset base for repaying the Foundation’s investment.
- The Foundation requests a business update after 6 months of the disbursement of loan funds. Any investment commitment that remains unused or unallocated after 6 months from the date of its issuance shall immediately be returned to the Foundation. If all funds have been allocated by the business and payments are being paid in a timely manner an annual update will be required until the loan is paid in full.
- No business shall have more than one outstanding loan from the Program at any one time.

Collateral

Unsecured loans will be considered on a case-by-case basis, based on factors such as:

- Personal guarantees
- Overall financial strength of the applicant
- Mitigating factors acceptable to the Directors

Term

Generally, the loans will have a maximum term of five years. The term of the loan will be evaluated based on the loan's source of repayment and use of funds.

Loan repayment must be made by automatic withdrawal/ACH from borrower's account to the Foundation.

Terms longer than five years may be permissible on a case-by-case basis.

Underwriting of Sources of Repayment

The Committee will perform an analysis of the applicant's sources of repayment for the proposed loan. The analysis will consider anticipated funding sources that will be used to repay the loan and the strength of financial documents.

Based on the analysis, and after any weaknesses are addressed, loan approval may require additional conditions (i.e., cosigner).

Interest Rates

Loans will typically have an annual minimum interest rate of 2.00% fixed. The rate may be adjusted according to risk if the loan is renegotiated during its term.

Typically, interest is charged and due monthly, and there is no penalty for early repayment of principal.