

BONDURANT DEVELOPMENT, INC. REVOLVING LOAN FUND PROGRAM

In an effort to promote and encourage economic development within the community of Bondurant, Iowa, Bondurant Development, Inc. hereby establishes a Revolving Loan Fund to provide financial assistance to new and expanding businesses locating or located in the community of Bondurant.

PURPOSE

The Revolving Loan Fund Program is designed to provide supplemental financing in support of new and expanding businesses located within, or locating within the City of Bondurant. The revolving loan fund will be used by Bondurant Development, Inc. to make loans or loan guarantee for the following purposes:

- A. To increase the property tax base in any or all of the community.
- B. To diversify the community's economic composition by encouraging businesses to locate in Bondurant that have been identified by the community as "targeted businesses" or businesses that are considered as priority businesses needed in the community.
- C. To increase employment opportunities in Bondurant.
- D. Increase the number and type of businesses in Bondurant.
- E. To offer financial assistance that will promote the retention and expansion of existing businesses in Bondurant.

GENERAL GUIDELINES

Type of Assistance. The Revolving Loan Fund will provide direct loans to new and expanding businesses in the community of Bondurant. The interest rate charged and length of the loan will be determined for each project individually based on demonstrated need. Loans at no interest are permitted if such an arrangement is determined to be necessary. In no case will the term of a loan exceed ten (10) years. The maximum loan allowed to a single business is \$10,000.

Eligibility. Applications will be considered from many sectors of the local economy. These include businesses involved in manufacturing, service, or retail operations.

Loan Review Committee. The Loan Review Committee shall be responsible for reviewing all loan applications and making recommendations to the Bondurant Development, Inc. Board of Directors on each loan application. The Loan Review Committee shall be composed of three (3) members chosen from Bondurant Development, Inc.'s Board of Directors. The President of Bondurant Development, Inc. shall sit on the Loan Review Committee as a non-voting liaison member. Members of the Loan Review Committee shall elect one of its members as Chairperson. Vacancies on the Committee shall be filled in the same manner as the original appointment.

At least two (2) out of the three (3) committee members must be present in order to vote on a recommendation. A written recommendation, which includes the vote tally, shall be forwarded to the Bondurant Development, Inc. Board of Directors.

The Loan Review Committee will be responsible for making investment recommendations to the Bondurant Development, Inc. Board of Directors concerning the investment of the balance of any remaining loan funds.

Application Procedure. Applications for revolving loan funds will be accepted by Bondurant Development, Inc. anytime during the year and considered on a continuous basis, contingent on the availability of loan funds. Bondurant Development, Inc. will take action on complete applications within sixty (60) days of receipt. Action may include funding the application for all or part of the requested amount, denial of the application for funding, or requesting that additional information be supplied prior to making a final decision.

An original and three (3) copies of the application shall be submitted to the President of Bondurant Development, Inc. Application packets are available upon written or telephone request, or on Bondurant Development, Inc.'s web site.

Written Request: Bondurant Development, Inc.
Attn: President
P.O. Box 165
Bondurant, IA 50035

Telephone: (515) 771-8316

Web site: www.bondurantdevelopment.com

Threshold Criteria. All applicants for Revolving Loan funds must satisfy the following minimum requirements to be eligible for assistance.

- A. Loan funds shall provide no more than 10% of the financing for any project.
- B. There must be evidence of adequate private equity;
- C. There must evidence that Revolving Loan funds are necessary to make the proposed project feasible;
- D. There must be evidence that the project is feasible and that the business requesting assistance can continue as a "going concern" in the foreseeable future without additional or ongoing assistance;
- E. There must be evidence that no significant negative land use or environmental impacts will occur as a result of the project.

Eligible Area. The location of each Revolving Loan Fund project must be within the city limits of Bondurant. Any Revolving Loan Fund loan must be immediately repaid, including outstanding principal and interest, if the project activity is moved outside the eligible area during the life of the loan or within ten (10) years from the date the loan is granted.

Evaluation Procedure. Applications for assistance under the Revolving Loan Fund will be submitted to the President of Bondurant Development, Inc. at P.O. Box 165, Bondurant, Iowa 50035. The President will review the application for completeness and either return the application to the applicant with deficiencies noted or forward the proposal to the Loan Review Committee. The Loan Review Committee will have 30 days to meet and review the application.

The Loan Review Committee may:

- A. Submit the application to the Bondurant Development, Inc. Board of Directors with a recommendation for approval and suggested loan terms;
- B. Submit the application to the Bondurant Development, Inc. Board of Directors with a recommendation not to approve a loan to the business; or
- C. Return the proposal to the applicant for further information or clarification.

Upon receipt of the application from the Loan Review Committee, the Bondurant Development, Inc. Board of Directors will review the proposal at its next regular meeting. If timing is a critical factor in the proposal, the President of the Board of Directors may call a special meeting to consider the application. The Board of Directors may approve the loan and terms of the agreement, disapprove the application, or defer action until additional information is available.

The overall reliability and feasibility of application materials will be considered. Priority will be given to projects that create jobs, property tax enhancement, diversify the area's economic composition, and is a business that has been "targeted" to attract to Bondurant. Refinancing or restructuring of existing loans considered low priorities,

Application Information. Bondurant Development, Inc. will provide application forms designed to elicit the necessary information needed to make loan determination to all applicants.

The applicant must agree to allow the Loan Review Committee to research the company's history, make credit checks, contact the company's financial institution, and perform other related activities necessary for the reasonable evaluation of the application. In the event inaccuracies, omissions, or errors are found, the Loan Review Committee will have the discretion of rejecting the application or rerating it based on correct information.

Loan Agreement. If a proposal is recommended for funding by the Bondurant Development, Inc. Board of Directors, the applicant will sign a loan agreement with Bondurant Development, Inc. This agreement, at a minimum will establish the following:

- A. The interest rate of the loan, whether it is fixed or variable, and the terms of its variability;
- B. The term of the loan;
- C. The frequency of loan payments;
- D. Penalties for late payment;

Interest rates may differ between projects. Rates charged depend upon the needs of each project and the degree to which the proposal is in conformance with the goals and priorities of the Bondurant Development, Inc.'s Revolving Loan Fund Program.

Loans may be long or short term, not to exceed ten (10) years depending upon the particular situation. The term may vary from project to project.

Revolving Loan Funds shall be secured by mortgages and/or liens against fixed assets. Such mortgages and/or liens may be subordinated to conventional bank financing. Other security, including personal guarantees, may be required.

Loans shall be made only to private for-profit entities.

Loans may be renegotiated. Renegotiation proceedings, however, are not the borrower's inherent right.

In general, repayment of loans will be made via equal payments over the term of the loan. Payments will be due and payable monthly, semi-annually, or annually. Alternative schedules may be arranged if deemed appropriate.

The date of the first loan payment will be arranged on a project-by-project basis. Usually the date of first payment will not exceed one (1) year from the date of the loan.

In the event that the total project cost is less than the amount specified in the application, then loan funds received from the Revolving Loan Fund will be subject to disallowance and immediate repayment.

A Performance Report, financial statements, and a Status of Funds Report will be required from all borrowers within 30 days after the initial two-year period (to achieve performance targets) expires. Thereafter, loans exceeding an initial two-year term will be required to submit annual financial statements. Copies of such reports will be given to the Chairperson of the Revolving Loan Fund Committee.

Administration of the Fund. The President will be responsible for maintaining the appropriate accounting system related to the operation of the revolving loan fund. The Bondurant Development, Inc. Board of Directors will direct the Treasurer in the investment of the balance of any remaining loan funds. Administration of specific loan agreements and monitoring of funded projects may be the responsibility of the Treasurer or may be subcontracted to a qualified individual or firm. Cost for the administration of the Revolving Loan fund may be derived from interest payments on loans made from the fund, or from Bondurant Development, Inc. funds.

Conflict of Interest. Bondurant Development, Inc.'s Board of Directors shall avoid any conflict of interest regarding the Revolving Loan Fund. The Board of Directors and their legal counsel will decide when conflict of interest situations exist.

Dissolution of Fund. In the event that the Revolving Loan Fund program is discontinued or dissolved, all assets of the fund shall be returned to Bondurant Development, Inc.'s Board of Directors.

Retention of Records. All records related to each loan transaction shall be retained by Bondurant Development, Inc. for a period of at least three (3) years after the date upon which the final loan payment is received.

Program Amendments. The Bondurant Development, Inc. Board of Directors may amend this plan by a majority vote of the Board.

This document is executed this _____ day of _____, 20____, by the board of Bondurant Development, Inc.

President

Secretary