Loan Services Agreement

This agreement is made between the undersigned (the “Applicant”) and Big Sky Economic Development Corporation dba Big Sky Finance (“BSF”).

Part I BSF SERVICES

BSF agrees to prepare, at the request of and with the assistance of the Applicant, an SBA 504 loan package including a complete set of forms, documents and supporting exhibits.

BSF, a Certified Development Company (CDC), agrees to submit Applicant’s application for financing through the U.S. Small Business Administration’s 504-Loan Program upon approval by BSF’s Loan Review Committee. By submitting the loan package to the U.S. Small Business Administration (“SBA”), BSF will be requesting that SBA guarantee a debenture issued by BSF. If the loan package is approved by SBA, the proceeds of the debenture sale will be used by BSF to provide subordinated mortgage financing for the Applicant in accordance with the terms and conditions of the SBA’s Authorization for Debenture Guarantee (“Authorization”).

The Authorization is SBA’s written agreement providing the terms and conditions under which SBA will make or guarantee the loan, it is not a contract to make a loan. Therefore, BSF does not guarantee the Applicant the loan will ultimately be funded.

Part II PROCESSING AND SERVICING FEES

Upon sale of the 504 debenture, Applicant agrees to the following one-time loan fees associated with the SBA 504 Loan. The fees are funded in the debenture and include:

- **SBA guarantee fee** – A fee equal to .50% of the net Debenture for loans approved on or after October 1, 2018.

- **CDC Processing Fee** – A fee equal to 1.50% of the net Debenture to BSF to process the SBA 504 loan.

  One-third of this fee (.5%) shall be deemed earned and will be collected by BSF when SBA issues the Authorization. At SBA 504 loan funding, this portion of the processing fee will be reimbursed to Applicant less closing costs (see Part III below). If the loan is cancelled for any reason after the Authorization is issued, this portion of the processing fee shall be retained by BSF. **This fee is not part of applicant’s equity contribution.**

- **CDC Closing Fee** – A fee equal to $2,500 to BSF for closing the SBA 504 loan.

- **Funding Fee** – A fee equal to .25% of the net Debenture to cover the costs incurred for the public issuance of securities and the Trustee.

- **Underwriter’s Fee** – A fee equal to .40% of the net Debenture to the debenture underwriters.
Applicant acknowledges and agrees to pay the following on-going servicing fees for the term of the SBA 504 loan. These fees will be included in the total monthly payment of the SBA 504 loan and are included in the overall effective rate of the debenture:

- **CDC Servicing Fee** – A monthly servicing fee to BSF up to .750% per annum on the unpaid balance of the SBA 504 loan as determined at five-year intervals. BSF is required to pay .125% of this fee to the SBA as an ongoing guarantee fee.

- **CSA Servicing Fee** – A monthly servicing fee to the Central Servicing Agent (CSA) of .10% per annum on the unpaid balance of the SBA 504 loan as determined at five-year intervals.

- **Ongoing SBA Guarantee Fee** – A monthly guarantee fee to SBA on the unpaid balance of the SBA 504 loan as determined at five-year intervals. Note: This fee is determined by the approval date of the Authorization. As of October 1, 2019, the fee is .3205%. If the loan is a 504 Debt Refinance loan, the fee is .3220%.

Applicant acknowledges and agrees to the following other fees associated with the SBA 504 loan:

- **Late Payment Fee** – 504 loan payments received after the 15th of each month will be subject to a late payment fee of 5% of the payment amount or $100, whichever is greater. The late fee is in addition to the regular monthly payment.

- **Assumption fee** – An assumption fee equal to 1% of the outstanding principal balance of the SBA 504 loan being assumed may be charged prior to approving any assumption.

**Part III CLOSING COSTS**

Applicant acknowledges and agrees to pay all closing costs not financed with the 504 loan including but not limited to title insurance, recording fees, flood determination and credit reports.

If the SBA 504 loan is cancelled for any reason by the Applicant after the Authorization is issued, the Applicant agrees to pay all out of pockets costs incurred by BSF including but not limited to BSF legal fees, title insurance, recording fees, flood determination and credit reports, within 30 days of date of invoice.

**Part IV CUSTOMER IDENTIFICATION NOTICE**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires BSF to obtain, verify, and record information that identifies each person who applies for a SBA 504 Loan. What this means for you is when you apply for an SBA 504 Loan, we will ask for information to identify you, such as a copy of your driver’s license or other identification documents.

**Part V BUSINESS AND CREDIT INFORMATION**

Applicant authorizes BSF to obtain confidential personal, business and financial credit information about the Applicant and its principals from financial institutions, credit reporting agencies or other sources. BSF agrees all information received will be held in confidence and not divulged to persons or agencies, other than prospective lenders or guarantors.

**Part VI ENVIRONMENTAL AND APPRAISAL**

As a requirement of the SBA, all loans secured by real estate must have an environmental assessment completed. The minimum requirement is a Records Search and Risk Assessment Report. This report may be ordered by BSF and is completed by a third party. If ordered by BSF the cost of this report is $475 and is the responsibility of the Applicant. This cost may be included in the interim financing or paid by the Applicant as an out-of-pocket expense. Should the report indicate that further investigation is necessary, Applicant agrees to pay for additional environmental reports that will meet SBA requirements.
Applicant acknowledges BSF and SBA will require an appraisal of the real property securing the SBA 504 Loan. This appraisal may be shared with the participating lender. Applicant agrees to pay for the appraisal.

Part VII  ELIGIBLE PASSIVE COMPANY/OPERATING COMPANY

Applicant acknowledges that should they chose to hold title to the real property as an eligible passive company (EPC) for lease to one or more operating companies (OC) for conducting the OC’s business, the OC must lease 100% of the property from the EPC. The OC can sublease a portion of the property to another unrelated entity.

When acquiring an existing building, the Operating Company may sublease up to 49% of the Rentable Property. In the case of new construction, the Operating Company must immediately occupy at least 60% of the rentable property; may lease long term no more than 20% of the rentable property to one or more tenants; and must plan to occupy within three years some of the remaining rentable property not immediately occupied or leased long term. The Operating Company must plan to occupy within ten years all the rentable property not being leased long term.

Applicant acknowledges the rent or lease payments paid by the OC to the EPC cannot exceed the amount necessary to make the loan payment to BSF and the Third Party Lender and an additional amount to cover the EPC expenses of holding the property, such as maintenance, insurance and property taxes.

Part VIII  INFORMATION RELEASE

Applicant acknowledges BSF may use information about Applicant and/or its affiliates for publicity purposes, i.e., news articles, pictures, etc. BSF will not disclose information regarding the financial condition of Applicant or its affiliates.

Applicant understands they are receiving funding from the Small Business Administration through a public/private entity (Big Sky EDC). Therefore, as a requirement of loan approval, borrower’s name, amount requested from SBA (including percent of total SBA project financing), and name of business entity may be released to the public as part of a Big Sky EDC Board of Directors meeting.

It is applicant’s responsibility to inform seller or any other party to the transaction of any other non-disclosure or confidentiality issues that may arise as the result of Big Sky EDC’s open meeting policy.

Part IX  MISCELLANEOUS CONDITIONS

Applicant acknowledges BSF may request additional information from the Applicant as necessary to complete the loan package and/or respond to requests from the BSF Loan Review Committee, SBA, or other participating lenders for further documentation or explanation of items in the loan package. Failure to furnish the requested information on a timely basis will delay review of the loan package and may result in denial.

Applicant acknowledges that BSF has explained:

- There is a prepayment premium associated with the SBA 504.
- Monthly SBA 504 loan payments will be made by Automated Clearinghouse (ACH) from an account designated by the Applicant on the 1st of each month.
- The SBA 504 loan is assumable subject to prior written notice by BSF and SBA.
- BSF, SBA and/or CSA will date and otherwise complete any terms of the Debenture, Note, or Loan Documents which were incomplete at the time of their execution as soon as such terms become known to them.
The interest rate will be established at the time of the Debenture sale and is based on a Treasury yield plus an investor spread and servicing fees.

APPLICANT NAME: ________________________________ ______________________________ _ _____________________________

______________________________ ______________________________ _ _____________________________
Signature    Signature    Signature

______________________________ ______________________________ _ _____________________________
Title     Title     Title

Date: _____________________________

BIG SKY FINANCE

By: ________________________________ Title: ________________________________

Date: _____________________________