

Access to Capital

| | SBA 504 Loan Program | SBA 7A Program | USDA Rural Development B&I Loan Guaranty Program |
|--|--|--|--|
| Some of the fees shown for these three programs have been reduced for a limited time under the ARRA Act ("Stimulus funding"). Check with contacts shown below for details. | | | |
| Loan Amount Minimum Maximum | \$80,000 \$2,000,000 (\$4,000,000 manufacturing) | N/A \$2,000,000 (loan amount) \$1,500,000 (max guarantee) | N/A \$10,000,000 (certain exceptions to \$25,000,000) |
| Financing Mix | Max. 40% of total project 50% of total project – Financial institution 10% of total project – owner equity Start up business - add add'l 5% equity Specialty use facility - add add'l 10% equity | Minimum 10% owner equity Bank funds are guaranteed: < \$150,000 @ 85% > \$150,000 @ 75% | Minimum owner equity: 10% existing, 20% new businesses Bank Funds are guaranteed: < \$5,000,000 – 80% \$5,000,000-10,000,000 – 70% \$10,000,000-25,000,000 – 60% |
| Interest Rate | Gov't Guaranteed Debentures sold at 10 and 20 year fixed rates below market rates | Maximum: Prime + 2.25%*** Loans < 7 yrs Prime + 2.75%*** Loans > 7 yrs | Fixed and/or variable market rates negotiated with financial institution |
| Loan Term | Term debt only. Ten term for machinery and equipment Twenty year term for real estate | Varies with use of proceeds. Max of 25 years on real estate Max of 10 years on working capital Blended term for mixed uses | Term debt only. Max of: 7 yrs on working cap 15 yrs on M&E 30 yrs on RE & refinancing |
| Timing | Varies – bank and CDC approvals (7 - 10 business days for SBA approval) | 10 business days for SBA - add time for financial institution (many lenders have unilateral approval authority) | 10 days for pre-application determination |
| Fees | \$2,500 legal fees** 2.15% origination fee on 504 funds** .5% origination fee financial institution funds Prepayment penalties may apply | One time Gty Fees**** < 12 months = .25% of gtd amt > 12 months – total loan is: • < \$150,000 = 2% on gtd amt • \$150,001 - 700,000 = 3% • \$700,001 -1,500,000 = 3.5% • Add'l .25% on gtd portion over \$1000,000 Servicing Fees = .494% of gtd amt (for '08) | One time 2% Guaranty Fee can be passed on to borrower. 1/4% annual servicing fee. Both fees are calculated on guaranteed amount. |
| Service Area | Michigan | United States | Rural areas < 50,000 population |
| Qualifying Applicants | For profit entities w/ tangible net worth under \$7.5mm and net profit less than \$2.5mm (using a 2 year average) | For profit entities falling under size standards defined as small business | Any legal entity No size restrictions 51% owned by a US citizen |
| Job Creation Requirement | None required in Northern Michigan as it meets rural area public policy goals. | No | No |
| Contact | Darlene Merritt, MCDC 231-878-1302 ext. 30 Sandy Bloem, EDF 616-459-4825 | Financial Institution | Alan Anderson, 231-941-0951, ext 128 |

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*Take out financing and second position to financial institution

**Fees can be part of overall loan

***Under \$50,000 rates can be higher

****One time guaranty fees can be passed on to borrower, but servicing fees cannot.

| | Northern Initiatives | Northern Michigan Foundation | Pre-Seed Capital Funds |
|---------------------------------|---|---|---|
| Loan Amount | | | |
| Minimum | \$ 5,000 | \$ 10,000 | \$ 50,000 () |
| Maximum | \$500,000 or higher with B&I guarantee | \$ 250,000 | \$250,000 (convertible notes) |
| Financing Mix | Will participate, subordinate to bank or be sole lender | This is a USDA Rural Development Re-lending Program. | Requires dollar for dollar match from other new investment |
| Interest Rate | Slightly higher than commercial banking rates. Usually no Prepayment Penalties. | Long term fixed rates | Same rate as matching funds or 8% if match is a grant |
| Loan Term | Term Maximum: 7 Years depending on fund uses, longer amortization | Up to five years with up to a 30 year amortization | Same as matching funds |
| Timing | Two weeks to decision after receipt of all information | Two to three weeks after receipt of a completed application | 30 days to decision after application acceptance |
| Fees | 2% plus out of pocket, can be financed | Out of pocket fees | None |
| Service Area | UP, Northern LP Counties and Northern WI counties | Ten counties in northern Michigan | Must be sponsored by a Smart Zone |
| Qualifying Applicants | For profit and non profits – no real estate development | Those that have been declined by banks. | Life sciences, alternative energy, homeland security and defense, advanced mfrg and materials |
| Job Creation Requirement | None | Preferred | None |
| Contact | Lori Meeder, Lender 906-250-8861 | Andy Johnson (c) 231-633-2383 | Skip Simms, Executive Director, Ann Arbor SPARK, 734-821-0072 (o) or 734-646-3173 (c) |

MEDC: [Michigan Loan Participation Program](#)

MEDC: [Michigan Collateral Support Program](#)

Access to Capital

| | Greenstone Farm Credit Services | Michigan Commercial Credit | TARGET Alpena Micro-Revolving Loan Fund |
|--|--|---|--|
| Loan Amount Minimum Maximum | \$500,000 None | \$ 25,000 \$2,000,000 | n/a \$30,000 |
| Financing Mix | - 80% of the lower of project costs or purchase price, if existing business - 60% of the lower of project costs or purchase price, if greenfield project finance Based on "No" government guarantees | Accounts Receivable Factoring (purchase invoices by paying up to 90% of the invoice) Asset Based Lines of Credit (Advances up to 85% of eligible Accounts Receivable and advances up to 60% of eligible inventory) | Minimum equity = 15% existing firm 25% start up Funds can be used for working capital, equipment, real estate or other assets to be purchased or renovated. Cannot be used for refinancing existing debt. |
| Interest Rate | Variable or Fixed - Rate dependent on credit quality | Market rates, but higher than conventional bank loans – and based on credit quality. | ½ of Prime + 3%, variable |
| Loan Term | up to 15 years without USDA guarantee - 30yrs with USDA guarantee | Short term working capital financing | Up to 10 years |
| Timing | two to three weeks once all information has been received | Within 48 hours of information receipt | Within 1-4 weeks once all information has been received |
| Fees | Underwriting Fee is applicable along with usual and customary filing and legal costs | Up to 5% discount rate. | Origination Fee = \$250 Monthly servicing fee = \$20 Legal Fees |
| Service Area | United States | Michigan | |
| Qualifying Applicants | Legal Entity in Qualifying Rural Area | Businesses with annual revenue under \$5MM that do not meet the criteria for traditional bank financing, yet have significant short-term assets that can be sold or pledged as collateral. | For profit existing and start up entities in Cheboygan, Emmet, Presque Isle, Alpena, Alcona, Montmorency and Otsego counties with the potential to create jobs |
| Job Creation Requirement | None | None | Yes, job creation potential determines rate |
| Contact | Ben Mahlich, VP - Rural Markets Phone 517-318-4110 Fax 517-318-4148 ben.mahlich@greenstonefcs.com | Greg Boller, Partner 810-229-2601 ext. 222 greg@micommercialcredit.com | Lee Shirey, TARGET Alpena Development Corp, 989-354-2666 |

Access to Capital

| | Great Lakes Energy- Revolving Loan Fund | Great Lakes Energy- Zero Interest Loan Program (USDA) | Northern Shores Loan Fund |
|--|---|---|--|
| Loan Amount Minimum Maximum | None \$100,000 | \$100,000 \$600,000 | \$500 \$80,000 |
| Financing Mix | 30% of total project–GLE(not to exceed \$100,000) 50% total project – financial institution* 20% of project - equity | 30% of total project-GLE(not to exceed \$600,000) 50% total project – financial institution* 20% of project – equity | TBD |
| Interest Rate | At the discretion of GLE Board of Directors - ½ of prime interest rate at time of loan approval - Max. of ½ of prime interest rate at time of loan approval, plus 2% | Zero Percent | Variable |
| Loan Term | Matches financial institution financing up to a maximum of 10 years | Matches financial institution financing up to a maximum of 10 years | Up to 15 years. |
| Timing | Application review quarterly | Application review quarterly | Within 1-4 weeks once all information has been received |
| Fees | NLEA • \$500 start-up fee • 1.5% application fee of loan amount approved (payable only if loan approved by GLE)** GLE • 1.5% administration fee (one-time fee based on total amount of loan)** • Reimbursement of all legal and approval process fees (including appraisal fees, if applicable) whether or not loan is closed** • 1% annual loan service fee charged on unpaid principal as of January 1 of each year | NLEA • \$1,500 start-up fee • 1.5% application fee of loan amount approved (payable only if loan approved by GLE and USDA)** GLE • 1% administration fee (one-time fee based on total amount of loan)** • Reimbursement of all legal and approval process fees (including appraisal fees, if applicable) whether or not loan is closed** | Application Fee = \$25 (under \$5000) \$50 (\$5001 - \$15,000) Processing Fee = 1% of loan amount |
| Service Area | All 26 counties in GLE's service territory covering western and northern Michigan from Kalamazoo to the Mackinac Straits | All 26 counties in GLE's service territory covering western and northern Michigan from Kalamazoo to the Mackinac Straits | Cheboygan, Emmet, Charlevoix Counties |
| Qualifying Applicants | Any "for profit" business, either a start-up (less than 1 year old) or ongoing businesses can apply | Any "for profit" business, either a start-up (less than 1 year old) or ongoing businesses can apply | Business within service area. 51% must be native owned business |
| Job Creation Requirement | Yes. The GLE Board will consider this as a factor of the application review. | Yes. It is expected that one job be created for each \$10,000 borrowed from the fund | None |
| Contact | Lisa Fought, NLEA: 231-582-6482 | Lisa Fought, NLEA: 231-582-6482 | Lisa McComb 231-347-6753 |