

**Three Rivers Community Foundation (TRCF)
Impact Investment Lending Program Description**
(For publication)

The TRCF Impact Investment Lending Program (the “Program”) seeks to provide an additional source of potential capital to eligible businesses that preserves precious working capital by minimizing the out-of-pocket cash outlay otherwise needed for a down payment on the purchase of equipment or real estate with the intent to create or retain quality jobs or produce a social or environmental benefit/impact consistent with TRCF’s funding priorities. For more information about TRCF, please visit its website at: <http://www.trcommunityfoundation.org/>

TRCF is a component fund of the Initiative Foundation (IF). The TRCF/IF partnership was established in 1989. Their shared purpose is to improve the quality of life within the communities they serve. TRCF’s Board provides strategic direction for the fund and sets annual goals. It markets the fund, raises new funds and makes decisions regarding grant allocations. IF provides investment management, staff support and back office functions including accounting, reporting, lending oversight and audit functions.

The Program may provide up to \$20,000 per loan of subordinated financing in collaboration with senior financing provided by a financial institution. The combined financing may not exceed 100 percent of the total financing package or value of assets. In most cases, TRCF and IF will make a final decision on credit requests within 7-10 business days based on information provided by the applicant’s financial institution.

1. Types Of Eligible Businesses

The Program targets manufacturing, technology, wholesale and other businesses that contribute to the economic base of the ISD 728 District through the creation or retention of quality jobs. Startup entities and nonprofit organizations may qualify. Generally, retail and personal service businesses do not qualify.

Eligible Uses for loans include:

- Land and Building Acquisition
- Land Improvements
- New Building Construction
- Building Renovation and Modernization
- Machinery, Equipment & Fixtures - the remaining effective life must be equal to or exceed the life of the loan.

Ineligible Uses for loans:

- Debt Refinancing
- Working Capital (exclusively); may consider projects to companies experiencing high growth
- Residential Real Estate (depending on purpose/use of the collateral. Transitional or community needs-based housing projects that are not purely investment property may be considered)
- Taxes
- Professional Fees
- Gambling, Political or Adult/Pornographic Businesses

2. Amount Available

Applications will be accepted for loan amounts ranging from \$10,000 up to \$20,000. Amounts available to applicants under this Program are determined based on an evaluation of positive economic impact and the number of full time (or full time equivalent) non-seasonal jobs that the organization will maintain or create within the ISD 728 District.

3. Collateral And Guarantees

The collateral for loans under the Program generally consists of a sole second priority interest in the fixed assets to be acquired along with a subordinated general security interest in all assets of the borrower. Other collateral may be required on a case-by-case basis. Collateral coverage may not exceed 100 percent of the cost of the assets to be acquired through financing. Personal guarantees from all primary owners of the business are required.

4. Program Lending Guidelines

- a. TRCF Loan: Up to a maximum of \$20,000, and generally should not exceed 20% of the total amount financed. This Loan is originated by TRCF and serviced by TRCF/IF.
- b. Application Fee: The applicant will pay to TRCF an application fee of \$150 to be credited against the Origination Fee if the loan is approved. Specific use or payment of this application fee (such as, payment of a specific loan cost item, or to the endowment) will be determined by the Committee and disclosed to the applicant upon application.
- c. Origination Fee: The borrower will pay to TRCF at closing a 1.5 percent origination fee and other third party expenses such as loan document preparation and any related filing fees.
- d. Senior Financial Institution Loan: This should generally be at least 80% of the total amount to be financed and issued according to the institution's loan policy for debt service coverage and collateral.
- e. Maximum Size of Loan: Typically, combined loans are equivalent to the value of the assets being acquired. This normally includes only hard costs for the purchase or other assets, but does not include applicable taxes, shipping, set up, training, or other incidental costs.
- f. The applicant will authorize TRCF/IF to obtain verification of any applicable records, including assets, employment records, and credit reports.
- g. The applicant will provide to TRCF/IF as may be requested periodic employment or job reporting data for the project including job creation or retention records.

5. Financing Terms

The financial institution will recommend to TRCF/IF, for consideration, the appropriate split between the institution and TRCF/IF's participation. The institution establishes its terms and conditions for the loan with respect to interest rate, term, amortization, reporting and insurance, loan covenants and other matters. TRCF/IF participation normally mirrors those same terms and conditions, subject to the requirements of TRCF/IF's policy guidelines and with the exception of the interest rate which ranges from six to eight percent.