

## Streetscape Mitigation Loan Fund Program Term Sheet

This is a basic outline of the terms and conditions as approved by the EDC Board of Directors for the Streetscape Mitigation Loan Fund Program. The terms and conditions are subject to change in whole or in part once our due diligence, credit analysis and underwriting is complete.

**Eligible Borrowers:** Non-franchised, for-profit businesses that are open and operating in a commercial space on Livernois Avenue between Margareta and 8 Mile as of [August 27, 2019.]

**Amount:** A Non- Revolving Line of Credit, at a minimum of \$5,000 and up to \$20,000.00, under the Streetscape Mitigation Loan Fund Program.

**Disbursement:** Funding shall be provided to Borrower in a single disbursement. Backup documentation must be provided by Borrower to prove use of and need for loan proceeds. Such documentation could include, but is not limited to, lease, payroll, utility bills, etc. Borrower may be subject to request for post disbursement verification documentation including proof of payment of rent, payroll, utilities, etc.

**Purpose:** To (a) pay for overhead costs; (b) act as working capital during and after the streetscape project; (c) pay for operating expenses; or (d) bridge financing need through project until bank or CDFI funding is obtained.

**Collateral:** Loans at or above \$10,000 shall include sufficient collateral as determined by Lender. Loans below \$10,000 may include sufficient collateral as determined by Lender.

**Interest Rate:** 0% interest rate

**Closing and Servicing Fees:** \$0.00. The loan shall contain no servicing or closing fees.

**Maturity:** 6 years. The Loans may be forgiven prior to maturity as further described in the payment provision below.

**Equity:** The Streetscape Mitigation Loan Fund Program shall take no equity or stake in the business.

**Payments:** Payments tolled for 12 months beginning one year from disbursement of the loan (no payments for the first year). If payments are regularly made for 24 months, remainder of principal shall be forgiven

**Guarantors:** The Business owners and/or its affiliates may be required to guarantee payment of the loan.

**Documentation:** Borrower agrees to execute any and all documents necessary for Lender to perfect its security interest in the collateral.

### **Covenants/Reporting Requirements**

- All taxes and state fees must be paid and kept current
- Quarterly financial statement submission within 45 days of each fiscal quarter end
- Submission of annual corporate or business tax return within 180 days of fiscal year end
- Submission of annual personal tax return of all personal guarantors within 30 days of filing deadline
- No sale of collateral without prior lender approval

- Any sale, dissolution, or liquidation of company requires notice to lender and payment of full of loan
- Borrower agrees to work with technical assistance providers during the repayment period if required by Lender.
- Submission of any lease renewal during term of loan.

**Other Requirements:**

- - Loan payments shall be set up on auto debit, if required by EDC.
- Other requirements as required by EDC.

**Applicant/Borrower Information**

- Except as noted below, the EDC will not share an applicant or borrower's proprietary and confidential data with any third parties except as needed during the loan underwriting, closing and servicing processes or as required to comply with applicable law.
- The EDC is a governmental body and documents in the EDC's possession are subject to disclosure under the Michigan Freedom of Information Act ("FOIA"). EDC will endeavor to not disclose any information of an applicant or borrower it believes to be exempt under the FOIA; however, notwithstanding anything stated otherwise herein, the EDC cannot guarantee the confidentiality of an applicant or borrower's submissions and specifically does not warrant that any documents submitted in connection with the loan application or the loan are exempt from disclosure under the FOIA.
- Applicants and borrowers should clearly mark such information as proprietary and confidential.

The terms contained herein represent the general terms and conditions of a loan between the Lender and Borrower and may be subject to change at the sole discretion of the EDC. This term sheet is not a commitment to lend. Please note that this outline does not contain all the terms, conditions and other provisions involved in this transaction that would be more fully described in the definitive legal document(s).