



Community Development Authority

BUSINESS LOAN PROGRAM

FINAL

December 2, 2016

Purpose of the Program

The Business Loan Program (the “Program”) has been established by the Community Development Authority (“CDA”) and Village Board to assist businesses and property owners in financing business expansion and startup projects, consistent with the economic development goals of the Village.

The Program is expected to be an important component of the Village of Shorewood’s economic development toolbox, which includes the façade grant program and redevelopment project incentives.

The benefits to participating Program businesses might include providing “first dollars” required by other lending organizations, lower than market interest rates, and potential to lower debt service payments during the startup period of a new venture.

As directed by the CDA, the Administering Agency will provide guidance to businesses interested in borrowing funds from the Program. SEWRPC will assist the CDA with the review and underwriting of loans.

Economic Development Goals

The economic development goals of the Program are comprised of property tax base enhancement, small business recruitment and retention, elimination of blight, increased first floor retail activity, and job creation.

Target Areas

The Target Area for this Program includes commercial properties along the following commercial corridors, within the Village of Shorewood boundaries - both sides of Oakland Avenue, Capitol Drive and Wilson Drive. (See Attachment C for a map of the Target Area).

Loan Parameters

Loan amounts from this program will range between \$10,000 - \$45,000. The CDA will periodically review the maximum loan limit to determine if it should be adjusted solely as a result of increases in the Consumer Price Index (CPI). Any changes to the maximum loan limit will be approved by the CDA and Village Board.

All loans must be approved by the CDA. Funds for the program are limited and will be allocated on a first come, first serve basis, as outlined in the Loan Management and Administration Document and available in the Village of Shorewood’s Clerks Office.

A minimum of one dollar of private sector investment related to approved expenditures will be required for each dollar of CDA investment. It is expected that a bank or other private financial institution will be financing a portion of the private sector match.

Sufficient collateral, including personal guarantees from the principals of the business with twenty (20) percent or more ownership, will be required.

Interest charged to the borrower will be:

The interest rate charged will be calculated as US Prime + 1% with a cap of 4.5%. Depending on the prime rate at the time of a loan application, the CDA can adjust the rate down to accommodate an applicant's particular situation.

Interest cost to the borrower from Program loans is expected to be lower than for loans from banks or other financial institutions.

Payment of principal may be deferred for up to twelve months if required for the success of the undertaking. Need for such deferral must be demonstrated.

Criteria for Granting

Criteria for granting or for limiting the amount of a requested loan include the following:

- o **Eligibility** – the project must contribute proportionately to the achievement of Shorewood's economic development goals. Priority will be given to first floor retail uses, specifically retail and restaurant uses, within the business corridor and first floor office uses that create daytime employment. Secondary priority will be given to other uses and upper floor uses within the business district. (See Attachment B for a list of preferred and non-preferred uses and Attachment C for the map of the business district).
- o **Need** - the applicant must demonstrate that Program financing is necessary to make the project feasible and that alternate sources of funding needed to finance the project are not available on reasonable terms.
- o **Availability of Funds** – a balance of sufficient funding authority (unloaned funds) should be available within the CDA program funding schedule parameters.

Because of the scarcity of funds, the Program will be administered in a way that maximizes first floor street frontage activity within the business district. The loans supported by this Program are not intended to be an entitlement.

Application Process

Review the application and then call the Administering Agency or Village Staff to discuss before filling it out. Once a meeting has occurred, fill out the application and submit it to the Administering Agency, c/o Village of Shorewood, 3930 N. Murray Avenue, Shorewood, Wisconsin 53211). See the Program Details section of this document for detailed application procedures and requirements.

VILLAGE OF SHOREWOOD BUSINESS LOAN PROGRAM

PROGRAM DETAILS

Introduction

The Business Incentive Loan Program (the “Program”) was established by the Community Development Authority (“CDA”) and Village Board in 2007 to assist businesses and property owners in financing business expansion and startups, consistent with the economic development goals of the Village.

Through the Program, qualified businesses and property owners are eligible for low-interest loans to finance qualifying business expansion and start-ups. Loan funds that are repaid to the CDA will be used to assist other businesses within the loan program. The purpose of this manual is to set forth the criteria for the financing that is available from the Program.

Purpose

The objective of the Business Incentive Loan Program is prioritized to create first floor retail and restaurant uses within the business district, increase the Village of Shorewood’s tax base through the retention and expansion of existing businesses, and assist with the development of new businesses within the Village. The Program is also intended to provide assistance to business owners who wish to purchase commercial property within the Village. Small and medium sized businesses often lack the necessary capital to develop or expand their operations, and, as such, this lack of capital has a significant impact on the local tax base.

The Program includes funding mechanisms and interest rates that are designed to encourage business development, while providing for the recapitalization and growth of the Program over time.

Eligible Applicants

Eligible applicants for the Business Loan Program are business owners located in the Village or those that will locate in the Village as a result of loan funds. These applicants must demonstrate that they are unable to access total financing necessary for the business or real estate project through conventional sources.

Administration

The assets in the Program shall be the property of the Village of Shorewood CDA and funding decisions relative to individual loan applications shall be made by the CDA. Substantial changes to the loan program (ex: changes to the minimum or maximum amounts and changes to preferred and non-preferred uses) must be adopted by both the CDA and Village Board.

Applications for program funding can be obtained from the Village of Shorewood website and/or the Administering Agency website. The Southeastern Wisconsin Regional Planning Commission

("SEWRPC") or other designated agent approved by the CDA, will review all loan applications and provide loan underwriting assistance to the CDA. Designated Village staff shall be responsible for administration of the program loan disbursements and collections after approval.

Application Procedures

Once the application has been downloaded from the Village website, businesses should contact Village Staff or the Administering Agency, c/o Village of Shorewood, 3930 N. Murray Avenue, Shorewood, Wisconsin 53211 to set up a meeting. A copy of the loan application and a list of the supporting documentation needed for each application are included as Attachment A to this manual. Following the submittal of the application, the Administering Agency will examine the application and supporting documentation for completeness and make a determination within 10 working days on whether or not the proposed project conforms to the standards and policies as set forth in this manual.

Once Village staff has completed its review of the application, the applicant business will be informed of any deficiencies, and requested to amend the application, if necessary. Upon final submission of a completed application, the application and all supporting documentation will be forwarded to the underwriter for review and recommendation to the CDA for consideration. Once a business loan receives approval from the CDA, a Loan Agreement will be executed. (See attachment D)

Standards and Policies

The following standards and policies will be utilized in administering the Business Loan Program:

1. Funding Limits: The amount of funding available for each applicant is from \$10,000 - \$45,000. The CDA will periodically review the maximum loan limit to determine if it should be adjusted solely as a result of increases in the Consumer Price Index (CPI). Any changes to the maximum loan limit will be approved by the CDA and Village Board.
2. Type of Financing Available: All monies will be provided in a manner that enhances the viability of the proposed project. The CDA, at its discretion, may waive the requirement for providing loans on an installment basis.
3. Project Initiation: Any Business Loan Program and matching monies may not be spent prior to the approval of the loan by the CDA. However, under special circumstances, an applicant may request to spend matching private dollars limited to 10% of the final approved loan amount while opening/moving their business within Shorewood and before CDA has approved the formal loan. This 10% private expense could then still qualify as project expenses under the Program once the loan is approved.
4. Private Sector Leverage Ratio: A minimum of one dollar of private sector investment towards approved expenditures will be required for each dollar of CDA investment. Private sector investment is defined as financing from a private lending institution and/or cash equity that is contributed to the project by the applicant. Applicants will be required to utilize a

private financial institution to finance all or a portion of the private sector match, unless waived by the CDA. In addition, all private sector dollars must be obtained from a non-public source and no public funds of any type may be counted towards leveraged private investment.

5. Community Benefits: To be eligible for funding, applicants must demonstrate the following: tax base enhancement, first floor retail and/or restaurant use within the business district, and/or job growth. In particular, Business Loan Program monies contributed to a project must not exceed 30 percent of the existing fair market value of the property as reported by the Village Assessor or an appraiser acceptable to the CDA.
6. Access to Program Funds: Program funds will typically be provided in installments to applicants through draw requests as expenditures are made in accordance with the funding application. The minimum draw request shall be \$5,000 or 20% of the approved loan amount, whichever is greater. All draw requests must be submitted within 90 days of the project completion date to designated Village staff to be eligible for reimbursement; if not, funds are forfeited. The project completion date will be clearly noted in the construction schedule.
7. Expenditures: All expenditures must be properly documented. All draw requests must be supported by appropriate receipts, invoices, lien waivers, and proofs of payment prior to being processed. As applicable, all permits, inspections, and verifications of work done must also be completed in order to process any draw requests.
8. Eligible Activities: Activities eligible for funding include:
 - a) Real property acquisition, building demolition, site preparation, and similar site-related redevelopment activities to stimulate business development.
 - b) Interior and exterior building rehabilitation and new construction.
 - c) Leasehold improvements; the acquisition of furniture, fixtures, and equipment.
 - d) Operating Expenses/Working Capital not to exceed 20% of total loan amount.
9. Ineligible Activities: Activities **not** eligible for funding include:
 - a) Purchasing equity in private businesses.
 - b) Subsidizing interest payments on existing loans and other working capital expenses.
 - c) Refinancing loans made by other lenders or investors.
 - d) Contributing equity required of borrowers participating in other loan programs.
 - e) Financing deposits in interest-bearing accounts, certificates of deposit, and other cash investments.
 - f) Home based businesses.
10. Other Considerations: Typically, loan assistance will consist of providing financing for fixed assets that are an integral part of the proposed project and up to 20% operating expenses/working capital.
11. Standard Loan Terms: Standard terms for installment loans are as follows:

- a) Real property acquisition, site-related redevelopment, building rehabilitation—maximum of ten (10) years.
- b) Leasehold improvements, Furniture, fixtures, equipment and working capital -- three to seven (3-7) years depending on the size of the program loan and the ratio of private sector investment in the project.

The specific term for an individual borrower may also be based on the useful life of the asset, as well as the terms offered by the private sector financial institution participating in the project. However, the CDA retains the right to adjust individual loan terms in order to facilitate a successful loan fund project.

10. Need Determination: Each applicant must demonstrate that Business Loan Program financing is necessary to make the project feasible and that alternative sources of financing the total project is not available on reasonable terms.
11. Interest Rate: Interest charged to the borrower will be US Prime + 1%. The interest rate charged to the borrower will be fixed for the entire term of the loan at the time a loan agreement is signed with the Village. Loan interest rates will be capped at 4.5%. Depending on the prime rate at the time of a loan application, the CDA can adjust the rate down to accommodate an applicant's particular situation.
12. Deferral of Principal and Interest: The Business Incentive Program has the option of deferring principal payments upon demonstration by the recipient business that a deferral is required to make the project feasible. This deferral period begins from the date of the first participant draw disbursement.
13. Equity Requirements: The CDA may require an equity injection for Business Incentive Loan Program projects, when appropriate.
14. Collateral Requirements: Each Business Loan Program project will include a Financing Agreement between the Village and recipient business that details the terms and conditions of the loan fund financing, along with supporting collateral documents. In addition, performance bonding may be required when deemed necessary to protect the CDA's interest in the project. The Financial Agreement (See Attachment D for Samples) will be filed with the Village to become part of the Village's official record.

Collateral requirements will be determined on an individual basis by the CDA and may include mortgages on land and buildings; liens on furniture, fixtures, and equipment; and liens on accounts receivable and inventory. This collateral may be subordinated to private sector financial institutions participating in the project, if required. In addition, junior liens on all business assets may be used where appropriate. Personal guarantees from the principals of the business with 20 percent or more ownership will be required.

Finally, loan recipients will be required to maintain property-casualty insurance for the appraised value of the property being financed, and have the CDA listed as an additional insured on the policy.

15. General Policies for Restructuring Loans: Business Loan Program loans may be restructured when restructuring will improve the borrower's ability to repay the loan, as long as the business is financially viable as evidenced through a business credit analysis. The CDA will work with the owner(s) of the business to determine the need for restructuring, and, if appropriate, the CDA may restructure the loan to improve cash flow within the business.
16. Program Fees: The CDA will require a loan application fee of \$300 to be paid to the Village of Shorewood at the time of loan application. If the application is approved, a loan origination fee equal to one (1.0) percent of the loan amount, plus payment of any legal fees incurred by the CDA for the loan closing, will be added to the principal amount of the loan and paid with program monies. The CDA reserves the right to waive or reduce these financing origination fees.
17. Availability of Funds: Available funding for the program will be managed by the CDA. In those instances, where the number of requests exceeds available funding, applications will be prioritized based upon the following: Priority will be given to first floor retail uses, specifically retail and restaurant uses, within the business corridor and first floor office uses that create daytime employment. Secondary priority will be given to other uses and upper floor uses within the business district. (See Attachment B for a list of preferred and non-preferred uses and Attachment C for a map of the business district). When feasible, the amount of CDA monies contributed to each project may also be reduced in order to facilitate as many requests as possible. The CDA will follow procedures outlined in the Loan Management and Administration Document to make these decisions.
18. Project Completion Date: All projects must be initiated within six (6) months following approval of the financing application and completed within one (1) year of loan closing. Authorizations/approvals for program participation lapses at the project completion date. The CDA may provide extensions beyond the time limit, if warranted, upon the request of the applicant.
19. Additional Requirements: All CDA-financed activities must:
 - a) Contribute proportionately to the achievement of the Village of Shorewood's economic development goals as outlined in the Village of Shorewood Central District Master Plan and Commercial Design Guidelines, as adopted by the CDA and the Village Board.
 - b) Have the applicant retain ownership for sufficient time to complete the project, stabilize its occupancy, and establish project management.
 - c) Not damage designated Village landmarks.
 - d) Comply with all applicable policies, rules, codes, regulations, and statutes of the Village of Shorewood and State of Wisconsin.

20. Records Retention

Certain records related to this Business Loan Program are public record and subject to open records law. As such, records will be retained by the Village of Shorewood and CDA. The Village of Shorewood is the official custodian for the Business Loan Program documentation.

Attachment A
VILLAGE OF SHOREWOOD
BUSINESS LOAN PROGRAM APPLICATION

Name: _____

Address: _____

Business Name: _____

Address: _____

Telephone No.: _____

Brief Project Description:

Sources and Uses of Funds

	Business Incentive Loan Program	Bank Financing	Other Government Assistance	Equity Financing	Total
a) Land / Building Purchase					
d) Building Renovation					
e) Capital Equipment					

f) Operating Expenses /Working Capitol					
SUBTOTAL					
Closing Costs (1%)					
TOTAL COSTS					

Business Loan Program Assistance Requested

a) Loan Amount	
c) Loan Term (years)	
d) Deferral Period (months)	

Source of Bank Financing:

Name: _____

Address: _____

Contact Person: _____

Telephone No.: _____

Loan Amount: \$ _____

Source of Equity Financing:

Name: _____

Address: _____

Telephone No.: _____

Amount: \$ _____

Date Certain that the Project Will Begin: _____

I hereby certify that the information provided above and in the attached supporting documentation is to the best of my knowledge true and correct. I also agree to pay the loan origination fee and any legal expenses, as defined in the Village of Shorewood Business Loan Program manual, should a loan be approved by the Village of Shorewood Community Development Authority.

Applicant Signature

Date

For additional information about the Village of Shorewood Business Loan Program, please contact the Administering Agency.

Please submit the Business Loan Program application and supporting documentation to:

Shorewood Business Loan Program
(Insert: Administering Agency)
c/o Village of Shorewood
3930 N. Murray Avenue
Shorewood, WI 53211

* * *

BUSINESS LOAN PROGRAM: PROJECT DOCUMENTATION

The following supporting documentation should be submitted along with each Business Loan Program application.

1. A business plan that provides the information identified (See Attached Template #1).
2. Three years of the applicant's most recent financial statements or three years of the applicant's most recent Federal Income Tax Returns.
3. Financial projections including, at a minimum, a balance sheet at project initiation and income statements for the first three years of the project (See Attached Template #2)
4. Personal financial statements for the applicant (See Attached Template #3).
5. A statement of the anticipated community benefits to be derived from the proposed loan fund project and the reasons why the project will not take place or be financially successful without financing from the Business Incentive Loan Program.
6. A letter of commitment from the financial institution or other source(s) of debt financing that is a part of the project.
7. Cost estimates (please provide two officials competitive bids) and a binding construction schedule, with a not to exceed project completion date, for all fixed assets to be purchased or real estate improvements to be made indicating those funded by Business Loan Program monies.
8. A lease or pre-lease agreement for rental property, an offer to purchase for the acquisition of commercial real estate, or a warranty deed for existing commercial real estate.
9. Other documentation that may be required by the CDA that is deemed important relative to a determination regarding the Business Loan Program project.

* * *

Attachment B
VILLAGE OF SHOREWOOD
PREFERRED/NON-PREFERRED USES

Since 2007, the Village of Shorewood, Community Development Authority, and Business Improvement District have been actively engaged with current owners and real estate developers on the retail mix and offerings in the commercial corridors of the Village's business district. The goals for the revitalization of the business district are outlined in Shorewood's Central District Master Plan (2006 and 2014) and in the Retail Market Development Plan (2009 and updated in 2013) (the preceding documents are collectively referred to as the "Planning Documents"). The Planning Documents guide the preferred tenant categories outlined below and will serve as the standard against which requests for any non-preferred uses will be measured. The procedures set forth herein are in addition to, and do not replace, Village ordinances regulations and licensing requirements.

Preferred Uses

1. Restaurants including: Fine dining, casual dining, full-service, limited-service, taverns, delis and breakfast establishments, specialty establishments such as smoothie bars, yogurt shops, candy stores, coffee shops
2. Retail Establishments including: Apparel, jewelry, shoes, sporting goods, pet supplies, hardware/home Improvement, lawn and garden, art supplies/framing/galleries, furniture/home furnishings, electronics, music, craft/hobby, retail postal/packaging/printing, books/magazines/newsstands, florists, cards/gifts, toys

Non-Preferred Uses

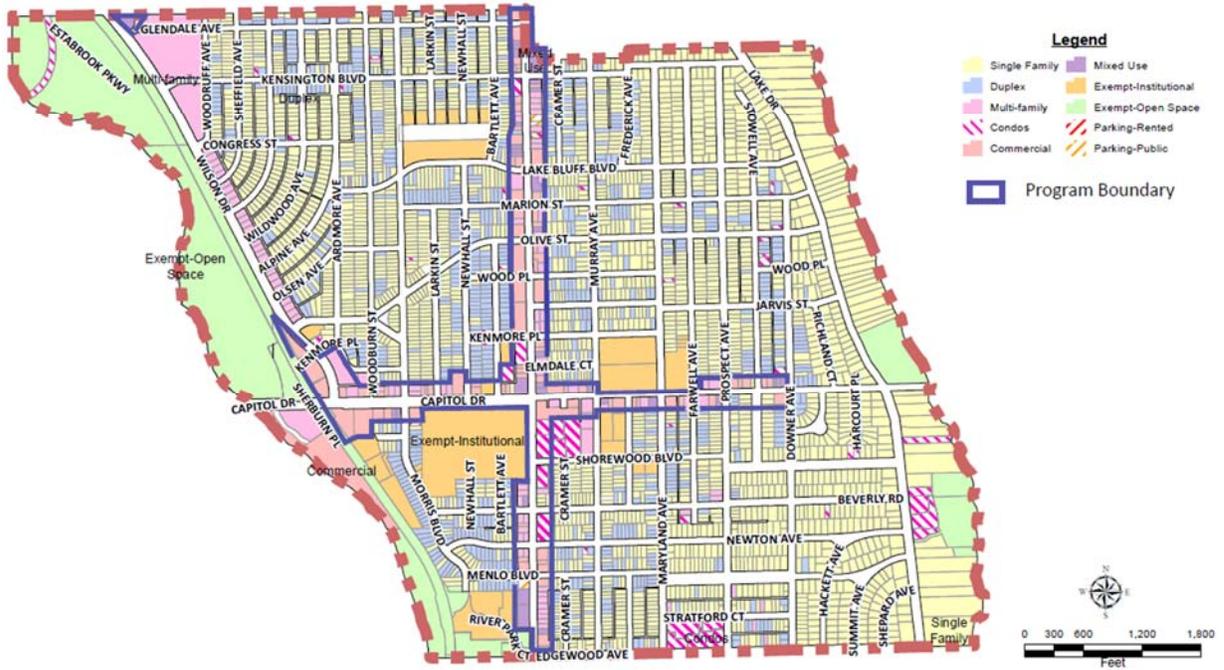
1. Service Uses including insurance, banking, financial, legal, realty, staffing, cleaners, gas stations
2. Health and Personal Care including clinics, doctor/dentist offices, massage parlors, chiropractic, funeral, vet clinics, pharmacies
3. Tattoo parlors, gun shops, smoke shops, pawn shops, check cashing stores, adult entertainment
4. Non-profit organizations/businesses
5. Any proposed use not included as a "Preferred Use"

****The CDA reserves the right to review the above uses annually and make changes by a majority vote of the CDA members and the Village Board.*

Attachment C

VILLAGE OF SHOREWOOD BUSINESS DISTRICT MAP

Village of Shorewood Community Development Authority Facade Improvement & Business Loan Target Area Map



Attachment D
VILLAGE OF SHOREWOOD
SAMPLE FINANCIAL MANAGEMENT AGREEMENTS

Financing Agreements

Attachment D1 – Term Loan Agreement (Typically used for smaller loans. Wisconsin Bankers Association template).

Attachment D1
VILLAGE OF SHOREWOOD
Sample Term Credit Agreement

Business
W.B.A. 448T (12/01) F11200

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TERM CREDIT AGREEMENT
(Business Loans)



(Name of Customer)

The above named customer ("Customer", whether one or more) agrees with _____ ("Lender") as follows:

1. Term Loan. (Check (a) or (b); only one shall apply)

(a) **Single Note; Multiple Advances.** If checked here, Customer requests that Lender lend to Customer from time to time such amounts as Customer may request, in accordance with this Agreement (the "Loan"), and subject to the terms of this Agreement, Lender agrees to lend such amounts up to the aggregate amount advanced of \$_____ (the "Credit Limit") in one or more advances before _____. Customer's obligation to repay the Loan shall be evidenced by a promissory note (the "Note") in substantially the form of **Exhibit A** attached to this Agreement with blanks appropriately filled in and payable to the order of Lender; provided that Customer shall only be obligated to pay amounts which Lender has advanced. Amounts advanced to Customer and repaid to Lender may not be reborrowed by Customer under this Agreement.

(b) **Multiple Notes; Multiple Advances.** If checked here, and in consideration of extensions of credit from Lender to Customer from time to time, Lender and Customer agree that sections 4 through 19 of this Agreement shall apply to each such extension of credit unless evidenced by a document which states it is not subject to this Agreement. The term "Loan" includes all such extensions of credit. The term "Note" includes each promissory note evidencing Customer's obligation to repay an extension of Credit. This Agreement does not constitute a commitment by Lender to make such extensions of credit to Customer.

2. Loan Procedures. Customer may obtain advances of the Loan under this Agreement by giving Lender at least **two (2)** business days' prior notice of any advance requested, specifying the date and amount of the advance. Lender will make the funds available to Customer by crediting the amount of the advance to Customer's account (Account No. _____) with Lender by _____. Each advance which is less than the remaining amount available to Customer under this Agreement shall be in an amount of not less than . Lender's obligation to make each advance is subject to the further condition that Lender shall have received a certificate signed by Customer, dated the date of the request for the advance and stating that the representations and warranties in section 4 are true and correct as of the date of the request and that no event of default has occurred and is continuing or would result from such advance.

3. Conditions to Loan. Lender's obligation to make the initial advance of the Loan is subject to the satisfaction of the following conditions:

(a) Lender shall have received the Note duly executed by Customer.

(b) Lender shall have received the following security documents and the additional security documents described on **Exhibit B**, if any (the "Security Documents"), duly executed, all accompanied by the appropriate financing statements: _____

(c) Lender shall have received copies:

- certified by the Secretary of Customer of the articles of incorporation and bylaws of Customer, and resolutions of the Board of Directors of Customer authorizing the issuance, execution and delivery of this Agreement, the Note and the Security Documents, if any;
- certified by a general partner of Customer of the partnership agreement of Customer, and an authorization signed by all of the general partners of Customer authorizing the issuance, execution and delivery of this Agreement, the Note and the Security Documents, if any;
- certified by a member or manager of Customer, as appropriate, of the articles of organization and operating agreement of Customer, and an authorization signed by a member or manager of Customer, as appropriate, authorizing the issuance, execution and delivery of this Agreement, the Note and the Security Documents, if any;

and a certification of the names and titles of the representatives of Customer authorized to sign this Agreement, the Note and the Security Documents, if any, together with true signatures of such representatives.

(d) Lender shall have received a statement of sole ownership executed by the sole proprietor.

(e) Lender shall have received from counsel for Customer a favorable opinion satisfactory to Lender covering the matters described in sections 4(c) and 4(d), 4(e) or 4(f) as applicable, and 4(g) of this Agreement and such other matters as Lender may reasonably request.

(f) Lender shall have received a guaranty of payment of the Loan duly executed by XXXXXXXXXXXXXXXXXX
_____ on WBA form

151 _____.

(g) All proceedings taken by Customer in connection with the Loan, the Security Documents and other documents provided to Lender shall be satisfactory to Lender and Lender shall have received copies of all documents reasonably required by it.

(h) **See Addendum 1 attached to this Agreement.**

4. Representations. Customer represents and warrants to Lender that on the date of each advance of the Loan:

(a) No part of the Loan will be used for personal, family or, household purposes.

(b) Customer will not use any part of the proceeds of the Loan to purchase or carry any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System.

(c) The execution and delivery of this Agreement, the Note and the Security Documents, and the performance by Customer of its obligations under this Agreement, the Note and the Security Documents, are within its power, have been duly authorized by proper action on the part of Customer, are not in violation of any existing law, rule or regulation, any order or decision of any court, the articles of incorporation, bylaws, articles of organization, operating agreement, partnership agreement or other governing documents of Customer, as applicable, or the terms of any agreement or restriction to which Customer is a party or by which it is bound, and do not require the approval or consent of any person or entity. This Agreement, the Note and the Security Documents, when executed and delivered, will constitute the valid and binding obligations of Customer enforceable in accordance with their terms.

(d) Customer is a corporation legally organized, validly existing and in good standing under the laws of the State of _____ and is duly qualified to do business and is in good standing in every jurisdiction in which the nature of its business or its ownership of properties requires such qualification.

(e) Customer is a _____ partnership legally organized, validly existing and in good standing under the laws of the State of _____.

(f) Customer is a limited liability company legally organized, validly existing and in good standing under the laws of the State of Wisconsin and is duly qualified to do business and is in good standing in every jurisdiction in which the nature of its business or its ownership of property requires such qualification.

(g) Customer's exact legal name is set forth following Section 19 below.

(h) If the Customer is an individual, the address of Customer's principal residence is as set forth below Section 19. If Customer is an organization that has only one place of business, the address of Customer's place of business, or if Customer has more than one place of business, then the address of Customer's chief executive office, is as set forth below Section 19.

(i) All financial statements of Customer furnished to Lender were prepared in accordance with generally accepted principles of accounting consistently applied throughout the periods involved and are correct and complete as of their dates.

(j) (i) There is no substance which has been, is or will be present, used, stored, deposited, treated, recycled or disposed of on, under, in or about any real estate now or at any time owned or occupied by Customer ("Property") during the period of Customer's ownership or use of the Property in a form, quantity or manner which if known to be present on, under, in or about the Property would require clean-up, removal or some other remedial action ("Hazardous Substance") under any federal, state or local laws, regulations, ordinances, codes or rules ("Environmental Laws"); (ii) Customer has no knowledge, after due inquiry, of any prior use or existence of any Hazardous Substance on the Property by any prior owner of or person using the Property; (iii) without limiting the generality of the foregoing, Customer has no knowledge, after due inquiry, that the Property contains asbestos, polychlorinated biphenyl components (PCBs) or underground storage tanks; (iv) there are no conditions existing currently or likely to exist during the term of this Agreement which would subject Customer to any damages, penalties, injunctive relief or clean-up costs in any governmental or regulatory action or third-party claim relating to any Hazardous Substance; (v) Customer is not subject to any court or administrative proceeding, judgment, decree, order or citation relating to any Hazardous Substance; and (vi) Customer in the past has been, at the present is, and in the future will remain in compliance with all Environmental Laws. Customer shall indemnify and hold harmless Lender, its directors, officers, employees and agents from all loss, cost (including reasonable attorneys' fees and legal expenses), liability and damage whatsoever directly or indirectly resulting from, arising out of, or based upon (1) the presence, use, storage, deposit, treatment, recycling or disposal, at any time, of any Hazardous Substance described above on, under, in or about

the Property, or the transportation of any Hazardous Substance to or from the Property, (2) the violation or alleged violation of any Environmental Law, permit, judgment or license relating to the presence, use, storage, deposit, treatment, recycling or disposal of any Hazardous Substance on, under, in or about the Property, or the transportation of any Hazardous Substance to or from the Property, (3) the imposition of any governmental lien for the recovery of environmental clean-up costs expended under any Environmental Law, or (4) breach of this representation or warranty. Customer shall immediately notify Lender in writing of any governmental or regulatory action or third-party claim instituted or threatened in connection with any Hazardous Substance on, in, under or about the Property.

(k) There is no litigation or administrative proceeding pending or, to the knowledge of Customer, threatened against Customer which might result in any material adverse change in the business or condition of Customer.

5. Capital Adequacy. If Lender shall determine that any existing or future law, rule, regulation, directive, interpretation, treaty or guideline regarding capital adequacy (whether or not having the force of law) increases or would increase, from that required on the date of this Agreement, the amount of capital required or expected to be maintained by Lender, or any corporation controlling Lender, and if such increase is based upon the existence of Lender's obligations under this Agreement and other commitments of this type, then from time to time, within ten days after demand from Lender, Customer shall pay to Lender such amount or amounts as will compensate Lender for expenses or costs required to meet such increased capital requirement. For purposes of calculating the amount of compensation required, Lender, or any corporation controlling Lender, may conclusively be deemed to have maintained the minimum amount of capital required on the date of this Agreement, and may base such compensation on the assumption that Lender (or such corporation) will need to increase its capital from such minimum amount to the new required amount. The determination of any amount to be paid by Customer under this section shall take into consideration the policies of Lender, or any corporation controlling Lender, with respect to capital adequacy and shall be based upon any reasonable method of attribution. A certificate of Lender setting forth such amount or amounts as shall be necessary to compensate Lender as specified in this section shall be delivered to Customer and shall be conclusive absent manifest error.

6. Interest Rate. Customer agrees to pay interest to Lender on the unpaid principal balance outstanding from time to time on the Loan in accordance with the Note.

7. Payment Schedule. Customer agrees to pay to Lender the unpaid principal balance and interest in accordance with the Note.

8. Covenants. Customer shall, so long as any amounts remain unpaid:

(a) Furnish to Lender, as soon as available, such financial information respecting Customer as Lender from time to time requests, and without request furnish to Lender:

(i) Within 90 days after the end of each fiscal year of Customer a balance sheet of Customer as of the close of such fiscal year and related statements of income and retained earnings and cash flow for such year all in reasonable detail and satisfactory in scope to Lender, prepared in accordance with generally accepted principles of accounting applied on a consistent basis, certified by an independent certified public accountant acceptable to Lender the chief financial representative of Customer, and

(ii) Within _____ days after the end of each _____ month a balance sheet of Customer as of the end of such month and related statements of income and retained earnings and cash flow for the period from the beginning of the fiscal year to the end of such month, prepared in accordance with generally accepted principles of accounting applied on a consistent basis, certified, subject to normal year-end adjustments, by an officer or partner of Customer.

(b) Keep complete and accurate books of records and accounts and permit any representatives of Lender to examine and copy any of the books and to visit and inspect any of Customer's tangible or intangible properties as often as desired.

(c) Maintain insurance coverage in the form (together with any lender's loss payee clause requested by Lender), amounts and with companies which would be carried by prudent management in connection with similar businesses engaged in similar activities in similar geographic areas. Without limiting this section or the requirements of any Security Document, Customer will [a] keep all its physical property insured against fire and extended coverage risks in amounts and with deductibles at least equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, [b] maintain all such workers' compensation and similar insurance as may be required by law and [c] maintain, in amounts and with deductibles at least equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims for bodily injury, death or property damage occurring on, in or about the properties of Customer, business interruption insurance and product liability insurance.

(d) Pay and discharge all lawful taxes, assessments and governmental charges upon Customer or against its properties prior to the date on which penalties attach, unless and to the extent only that such taxes, assessments and charges are contested in good faith and by appropriate process by Customer.

(e) Do all things necessary to maintain its existence, to preserve and keep in full force and effect its rights and franchises necessary to continue its business and comply with all applicable laws, regulations and ordinances

(f) Timely perform and observe the following financial covenants, all calculated in accordance with generally accepted principles of accounting applied on a consistent basis:

- (i) Maintain at all times an excess of current assets over current liabilities of not less than \$ _____.
- (ii) Maintain at all times a tangible net worth of not less than \$ _____.
- (iii) Not make any expenditures for fixed or capital assets which would cause the aggregate of all such expenditures to exceed \$ _____ during any fiscal year.
- (iv) Maintain at all times a ratio of current assets to current liabilities of not less than _____ to one.
- (v) Maintain at all times a ratio of total liabilities to tangible net worth of not greater than _____ to one.
- (vi) _____.

(g) Not create or permit to exist any lien or encumbrance with respect to Customer's properties, except liens in favor of Lender, liens for taxes if they are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained, liens or encumbrances permitted under any Security Document and first priority lien on the business assets to Bank in the amount of \$ _____
(If left blank, no other permitted liens or encumbrances)

(h) Not take any action or permit any event to occur which materially impairs Customer's ability to make payments under this Agreement when due. Such events include without limitation, the fact that Customer, Customer's spouse or any surety for Customer's obligations under this Agreement or the Note ceases to exist, dies, changes marital status or domicile or becomes insolvent or the subject of bankruptcy or insolvency proceedings or that any guaranty of Customer's obligations under this Agreement is revoked or becomes unenforceable for any reason.

(i) Not change its type of organization or state under whose law it is organized as represented in Section 4(d), (e) or (f) and shall preserve its organizational existence and shall not, in one transaction or in a series of related transactions, merge into or consolidate with any other organization, change its legal structure or sell all or substantially all of its assets.

(j) Not change its legal name without providing at least 30 days prior written notice of the change to Lender.

(k) Not change its address without providing at least 30 days prior written notice of the change to Lender.

(l) Timely perform all duties and responsibilities imposed on Customer under Section 4(j).

(m) Unless otherwise consented to in writing by Lender, timely perform and observe all additional covenants described on **Exhibit C**.

9. Security Interest. The Note is secured by all existing and future security agreements, assignments and mortgages from Customer to Lender, from any guarantor of this Agreement or the Note to Lender, and from any other person to Lender providing collateral security for Customer's obligations, and payment of the Loan may be accelerated according to any of them. Unless a lien would be prohibited by law or would render a nontaxable account taxable, Customer also grants to Lender a security interest and lien in any deposit account Customer may at any time have with Lender. Lender may at any time after the occurrence of an event of default set-off any amount unpaid under the Note against any deposit balances or other money now or hereafter owed to Customer by Lender.

10. Default and Acceleration. Upon the occurrence of any one or more of the following events of default: (a) Customer fails to pay any amount when due under this Agreement or the Note or under any other instrument evidencing any indebtedness of Customer, (b) any representation or warranty made under this Agreement or information provided by Customer in connection with this Agreement is or was false or fraudulent in any material respect, (c) a material adverse change occurs in Customer's financial condition, (d) Customer fails to timely observe or perform any of the covenants or duties contained in this Agreement or the Note, (e) any guaranty of Customer's obligations under the Note is revoked or becomes unenforceable for any reason or any such guarantor dies or ceases to exist, or (f) an event of default occurs under any Security Document or the Note; then, at Lender's option, and upon written or verbal notice to Customer, Lender's obligation to make the Loan under this Agreement shall terminate and the total unpaid balance shall become immediately due and payable without presentment, demand, protest, or further notice of any kind, all of which are hereby expressly waived by Customer. Lender's obligation to make loans under this Agreement shall automatically terminate and the total unpaid balance shall automatically become due and payable in the event Customer becomes the subject of bankruptcy or other insolvency proceedings. Lender may waive any default without waiving any other subsequent or prior default. Customer agrees to pay Lender's costs of administration of this Agreement. Customer also agrees to pay all costs of collection before and after judgment, including reasonable attorneys' fees (including those incurred in successful defense or settlement of any counterclaim brought by Customer or incident to any action or proceeding involving Customer brought pursuant to the United States Bankruptcy Code).

11. Venue. To the extent not prohibited by law, venue for any legal proceeding relating to enforcement of this Agreement or the Note shall be, at Lender's option, the county in which Lender has its principal office in this state, the county in which Customer resides, or the county in which this Agreement was executed by Customer.

12. Indemnification. Customer agrees to defend, indemnify and hold harmless Lender, its directors, officers, employees and agents, from and against any and all loss, cost, expense, damage or liability (including reasonable attorneys' fees) incurred in connection with any claim, counterclaim or proceeding brought as a result of, arising out of or relating to any transaction financed or to be financed, in whole or in part, directly or indirectly, with the proceeds of any Loan or the entering into and performance of this Agreement or any document or instrument relating to this Agreement by Lender or the activities of Customer. This indemnity will survive termination of this Agreement, the repayment of the Loan and the discharge and release of any Security Documents.

13. Amendment. No amendment, modification, termination or waiver of any provision of this Agreement shall in any event be effective unless it is in writing and signed by Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purposes for which given.

14. Entire Agreement. This Agreement, including the Exhibits attached or referring to it, the Note and the Security Documents, are intended by Customer and Lender as a final expression of their agreement and as a complete and exclusive statement of its terms, there being no conditions to the full effectiveness of their agreement except as set forth in this Agreement, the Note and the Security Documents.

15. No Waiver; Remedies. No failure on the part of Lender to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver of such right, power or remedy; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of the right or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law.

16. Notice. Except as otherwise provided in this Agreement, all notices required or provided for under this Agreement shall be in writing and mailed, sent or delivered, if to Customer, at any Customer's last known address as shown on the records of Lender, and if to Lender, at its address shown below, or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices shall be deemed duly given when delivered by hand or courier, or three business days after being deposited in the mail (including any private mail service), postage prepaid.

17. Persons Bound. Each of the undersigned Customers is jointly and severally liable for all Loans and other obligations under this Agreement. This Agreement shall be binding upon and inure to the benefit of Lender and Customer and their respective heirs, personal representatives, successors and assigns except that Customer may not assign or transfer any of Customer's rights under this Agreement without the prior written consent of Lender.

18. Interpretation. The validity, construction and enforcement of this Agreement are governed by the internal laws of Wisconsin. Invalidation of any provision of this Agreement shall not affect the validity of any other provisions of this Agreement.

19. Other Provisions. (If none stated, there are no other provisions.)

Dated as of _____.

_____, LLC (SEAL)

Wisconsin Limited Liability Company
(Type of Organization)

(Name of Lender) (SEAL)

By: _____ (SEAL)

By _____

(SEAL)

(Title)

(SEAL)

(Lender's Address)

(SEAL)