

EXHIBIT A-1

Loan Terms

1. **Loan Amounts.** Maximum loan amount is \$5,000,000. No minimum loan amount. All loans must be approved for compliance with SSBCI requirements by FAME prior to disbursement. For loans over \$350,000, the Authority shall also be required to approve the reasonableness of Participant's decision to approve the loan.

2. **Limitation on Leverage Funds.** Except in very limited circumstances, no public funds may be used to satisfy the leverage requirement set forth in Section 4.6, including but not limited to federal SBA guaranteed loans, state agency loans or loans guaranteed by state agencies, or other municipal, county, state or federal loan or grant funds or guarantees. Federal Intermediary Relending Program (IRP) funds are allowed to be counted.

3. **Type of business eligible.** A borrower may be a limited liability company, partnership or corporation or other legally recognized form of business entity, with not more than 750 employees. No limit on annual gross sales. A borrower may include state-designated charitable, religious, or other non-profit or philanthropic institutions; government-owned corporations; consumer and marketing cooperatives; and faith-based organizations, provided the loan is for a "business purpose" as defined below. Permissible borrowers may also include sole proprietors, independent contractors, worker cooperatives, and other employee-owned entities, as well as Tribal enterprises, provided that all applicable program requirements are satisfied. The following types of businesses are ineligible:

a. a business engaged in speculative activities that profit from fluctuations in price, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the business and part of a legitimate risk management strategy to guard against price fluctuations related to the regular activities of the business or through the normal course of trade;

b. a business that earns more than half of its annual net revenue from lending activities, unless the business is (1) a CDFI that is not a depository institution or a bank holding company, or (2) a Tribal enterprise lender that is not a depository institution or a bank holding company;

c. a business engaged in pyramid sales, where a participant's primary incentive is based on the sales made by an ever-increasing number of participants;

d. a business engaged in activities that are prohibited by federal law or, if permitted by federal law, applicable law in the jurisdiction where the business is located or conducted (this includes businesses that make, sell, service, or distribute products or services used in connection with illegal activity, unless such use can be shown to be completely outside of the business's intended market); this category of businesses includes direct and indirect marijuana businesses, as defined in Small Business Administration (SBA) Standard Operating Procedure (SOP) 50 10 6;2 or

e. a business deriving more than one-third of gross annual revenue from legal gambling activities..

4. **Loan purposes.** Loans may only be used for legitimate business purposes for projects that do not exceed in aggregate project cost \$20 million, including but not limited to start-up costs; working capital; franchise fees; and acquisition of equipment, inventory, or services used in the production, manufacturing, or delivery of a business's goods or services, or in the purchase,

construction, renovation, or tenant improvements of an eligible place of business that is not for passive real estate investment purposes. SSBCI funds may be used to purchase any tangible or intangible asset except goodwill. The term “business purpose” excludes refinancing of an existing loan, acquiring or holding passive investments in real estate; the purchase of securities except as permitted in (d)

below; and lobbying activities. Other ineligible uses include to:

a. repay delinquent federal or jurisdiction income taxes unless the borrower or investee has a payment plan in place with the relevant taxing authority;

b. repay taxes held in trust or escrow (e.g., payroll or sales taxes);

c. reimburse funds owed to any owner, including any equity investment or investment of capital for the business’s continuance; or

d. purchase any portion of the ownership interest of any owner of the business, except for the purchase of an interest in an employee stock ownership plan qualifying under section 401 of Internal Revenue Code, worker cooperative, or related vehicle, provided that the transaction results in the employee stock ownership plan or other employee-owned entity holding a majority interest (on a fully diluted basis) in the business.

e. purchase Goodwill.

5. Collateral. Collateral required, but subordinate positions are allowed.

6. Interest rates. Interest rates charged to borrowers to be determined by Participant.

7. Loan Terms. No minimum loan term. Ordinarily, a maximum loan term should be for five (5) years, but longer loan terms may be possible upon approval of the Authority. Loan amortizations may exceed five (5) years. Flexible repayment terms to accommodate borrowers are allowed. Additional payments tied to a borrower’s success are allowed.