

PARTICIPATION LOAN PROGRAM

Master Participation Agreement No. _____
Master Participation Agreement Addendum No. _____

MASTER PARTICIPATION AGREEMENT ADDENDUM FOR SBA-7a SUPPORTED PROJECTS

between

ILLINOIS DEPARTMENT OF COMMERCE
AND ECONOMIC OPPORTUNITY
and

(PARTICIPATING LENDER NAME)

(PARTICIPATING LENDER ADDRESS)

(PARTICIPATING LENDER CITY/STATE/ZIP + 4)

ATTN: _____
(PARTICIPATING LENDER CONTACT / TITLE)

PHONE/FAX: _____
(PARTICIPATING LENDER)

FEIN: _____
(PARTICIPATING LENDER)

The Participating Lender does business as a (please check one):

| | |
|---|---|
| _____ Individual (01) | _____ Governmental (08) |
| _____ Sole Proprietor (02) | _____ Nonresident Alien (13) |
| _____ Partnership/Legal Corporation (03) | _____ Estate or Trust (10) |
| _____ Tax Exempt (16) | _____ Pharmacy (Non-Corp.) (11) _____ |
| _____ Corporation providing or billing medical and/or health care services | _____ Pharmacy/Funeral Home/ Cemetery (Corp.) (15) |
| _____ Corporation NOT providing or billing medical and/or health care services | _____ Limited Liability Company (select applicable tax classification) |
| _____ D-Disregarded Entity | |
| _____ C-Corporation | |
| _____ P-Partnership | |

MASTER PARTICIPATION AGREEMENT ADDENDUM FOR SBA-7(a) SUPPORTED PROJECTS

This Master Participation Agreement Addendum (the "Addendum for SBA 7(a) Projects") is effective as of _____, 201____, through the ending date of March 31, 2017 (if not earlier terminated), and is by and between _____ (the "Lender"), a _____ (national/state banking association, a Corporation, etc.), having its principal office at _____, and the Illinois Department of Commerce and Economic Opportunity (the "Department" or "DCEO"), a department of the State of Illinois, having its principal office at 500 East Monroe Street, Springfield, Illinois 62701-1615.

RECITALS

Whereas, the Department and the Lender have previously entered into a Master Participation Agreement, Number _____, on _____, 201____ (the "Master Agreement"), and now the parties wish to engage in a derivative of the Participation Loan Program that permits the Lender to secure Small Business Administration ("SBA") deficiency guarantee support under the SBA's 7(a) Loan Program for the Lender's portion of jointly financed projects, and to sell to DCEO a participation in such loan that is not subject to any such SBA 7(a) guarantee support; and

Whereas, the Master Agreement shall set forth the terms and conditions of DCEO's participation in such loans, except to the extent stated in this Addendum where the language contained herein shall prevail over the contrary language in the Master Agreement; and

Whereas, the overall purpose of the Participation Loan Program (the "Program") is to foster economic development in Illinois by enhancing the availability of credit to small and medium-sized businesses from private sources of capital; and

Whereas, in pursuit of those goals, the Department may be willing, from time to time, to purchase participation interests in loans, including principal and interest payable thereunder, made by the Lender to certain Program-eligible businesses.

Now therefore, in consideration of the premises and the agreements contained in the Master Agreement and this Addendum, the Lender and DCEO hereby agree to this Master Agreement Addendum as follows:

1. DEFINITIONS

In addition to the words and terms defined elsewhere in this Addendum, the following each of the following words and terms used in this Addendum shall have the following meaning unless the context or use indicates a different meaning. Definitions shall be applicable to both the singular and plural forms of the terms as the context may require. Furthermore, all Definitions contained in the Master Agreement remain in effect, unless specifically amended herein to accommodate SBA-7A supported activity under this Addendum.

“Closing Documents” means all documents executed or delivered by the Borrower or the Lender with respect to a Loan, including without limitation a copy of the Lender and DCEO Notes, the loan agreement, any security agreement, any financing statement or Uniform Commercial Code filing, any guaranty, any mortgage or assignment of rents, any pledge agreement, and any other document that secures repayment of the Loans.

“DCEO Note” means the specific promissory Note of the Borrower that reflects DCEO's Participation in the Loan.

“DCEO Rate” means an interest rate set by DCEO, either fixed, adjustable, or variable, to be used in calculating the amount of interest owed by the Lender to DCEO on a given Participation, which rate shall initially be that shown on the DCEO Approval Letter related to such Participation. If the DCEO Rate as to such Participation is adjustable or variable, it shall be adjusted upwards or downwards every time the Lender Rate is adjusted so that the difference between the DCEO Rate on the DCEO Note and the Lender Rate on the Lender Note shall always be the same as it was on the Purchase Date. The fixed, adjustable, or variable rate attribute must match the fixed, adjustable, or variable attribute of the Notes, that is all rates must be on the same basis.

“Lender Note” means the specific promissory Note of the Borrower that represents that portion of the Loan in which DCEO does not participate.

“Lender Rate” means an interest rate set by the Lender, either fixed, adjustable, or variable (determined by the Lender Note) used in calculating the amount of interest retained by the Lender (on all portions other than the DCEO portion) on a given Loan, which rate shall initially be that referenced in the DCEO Approval Letter related to DCEO's Participation. If the Lender interest rate is adjustable or variable, the DCEO Rate shall be adjusted upwards or downwards every time the interest rate charged the Borrower is adjusted, so that the difference between the Lender Rate and the DCEO Rate shall always be the same as it was on the Purchase Date. The fixed, adjustable, or variable rate attribute must match the fixed, adjustable, or variable attribute of the promissory notes, that is all rates must be on the same basis.

“Loan” means a loan made by the Lender to a Borrower in which DCEO has or will have a Participation, represented by the DCEO Note, with the remaining indebtedness represented by the Lender Note.

“Notes” means the promissory notes of the Borrower, (specifically the Lender Note and DCEO Note), payable to the order of the Lender evidencing the Loan. “Notes” shall refer collectively to both the Lender Note and the DCEO Note.

“Note Rate” means the interest rates agreed upon by the Lender and DCEO that the Borrower will pay on the Lender Note and DCEO Note, respectively, which may be fixed, adjustable, or variable on a given Participation. The Note Rate on each of the Notes will be specified in each of the Notes. The DCEO Rate and Lender Rate will be on the same fixed, adjustable, or variable basis as reflected in the Notes.

"Participation" means, with respect to a Loan, DCEO's undivided participation interest in the Loan (represented by the amount reflected in the DCEO Note), the Loan Documents and all of the Lender's right, title and interest pertaining to the Loan and all proceeds arising therefrom including, without limitation, any collateral for such Loan and any guaranties, mortgages, or other security interests obtained in connection therewith, expressed as a percentage and calculated from time to time by reference to the outstanding principal balance of the Loan and the DCEO Note.

2. APPLICATIONS AND APPROVAL; SALE AND PURCHASE OF PARTICIPATION

2.2 Maximum DCEO Interest. The Lender shall sell, assign and transfer, and DCEO shall purchase and accept, subject to the terms and conditions of this Agreement, a Participation of not less than Ten Thousand Dollars (\$10,000) nor more than Two Million Dollars (\$2,000,000). The Loan amount shall be documented with two separate Notes, one in the amount of DCEO's Participation and the other in the amount of the Loan to be retained for the Lender's account. In no case shall the amount of a Participation exceed more than twenty percent (20%) of the Loan amount, and in no case shall the term of the Loan be any longer than ten (10) years. DCEO's percentage interest in each Loan shall never exceed the original applicable Participation Amount without prior written approval by DCEO. DCEO's Participation is computed by dividing DCEO's principal balance by the Loan's principal balance. The Lender is responsible for monitoring and ensuring that, at any given time, DCEO's Participation never exceeds its participation percentage. In the event DCEO's Participation is ever greater than DCEO's original participation percentage, the Lender must immediately pay DCEO the excess principal to bring DCEO's Participation into compliance with DCEO's Approval Letter. At all times during which DCEO owns a Participation in a Loan and until the Loan is paid in full, Lender shall continue to own the Loan and shall maintain an interest equal to at least fifty percent (50%) of the total amount of such Loan.

2.4 Purchase and Funding of Participation. Upon the closing of a Loan for which the Lender has received a DCEO Approval Letter, the Lender shall notify DCEO's Manager, Business Finance Division, or authorized designee, of the closing and shall deliver all Closing Documents to DCEO within ten (10) business days of the closing, otherwise DCEO's Participation shall be void, unless the ten day period is waived or extended in writing by DCEO. DCEO shall acknowledge the Participation Certificate (a sample of which is attached as Exhibit B) by having its Director or authorized designee execute the Certificate and return it to the Lender. DCEO shall process the Participation Certificate and any other documents necessary to fund its Participation, and as soon as practicable shall initiate the actions to cause delivery of its Participation Amount to the Lender. The Participation will be considered funded on the date the State Comptroller issues a warrant or on the date the funds are electronically transferred to the Lender. Interest will begin to accrue on the date the Lender receives the funds. The Lender will be responsible for the timely movement/distribution of the DCEO funds to the Borrower.

The Lender shall document the Lender's and DCEO's respective shares of the Loan by means of two separate promissory Notes; the Lender Note and the DCEO Note. These Notes, when totaled together, must equal the total amount of the overall Loan. The DCEO Note will represent the amount of DCEO's Participation in the overall Loan, with DCEO participating 100% in that Note. The Lender Note will represent the Lender's participation in the overall Loan, with the Lender participating 100% in that Note.

4. COMPENSATION TO LENDER

The Borrower shall pay interest to the Lender in amounts equal to the total interest due to the Lender and DCEO, at the rates agreed upon by the Lender and the Borrower, and reflected in their respective Notes. The difference, if any, between the amount of interest paid by the Borrower to the Lender with respect to the Participation Amount and the amount of such interest paid by the Lender to DCEO may be retained by

the Lender with the consent of the Department. All application fees collected by the Lender, with respect to the Loan, may be retained in their entirety by the Lender.

5. OWNERSHIP INTEREST IN PARTICIPATION LOAN, LOAN DOCUMENTS AND RECORDS, LIENS, SECURITY, GUARANTIES, AND OTHER COLLATERAL

5.1 DCEO's Undivided Interest. Upon DCEO's purchase of a Participation in a Loan, represented by a 100% participation in the DCEO Note, and pursuant to the provisions of the Master Agreement and this Addendum, DCEO shall, without the necessity of any written instrument of assignment or other document, become vested with an undivided equitable ownership interest (proportional to such Participation from time to time) in: (i) the Loan; (ii) the Loan Documents; and (iii) any other rights and claims of the Lender with respect to the Loan. If the Lender acquires any security interest or lien granted by any of the Loan Documents, DCEO shall have an undivided interest in such security interests and liens equal to its Participation in the Loan, notwithstanding the fact that the security interest or lien is in the name of, and/or possession is maintained by, the Lender.

5.2 The Lender as Trustee. All Loan Documents and the rights conveyed by them executed and delivered in connection with the Loan shall be held by the Lender in trust for the pro rata benefit of the Lender and DCEO. The Lender is authorized to retain both the Lender Note and DCEO Note and the Loan Documents in the Lender's name and to deal with parties other than DCEO as though the Lender were an absolute owner of the Loan and the Loan Documents, including both Notes. Any person, firm or corporation may deal with the Lender concerning the Loan in the same manner as if the Participation was not outstanding and the Lender was the sole owner of the Loan, as limited by Section 6.5, 6.6, and 6.7 of this Agreement. The Lender may perform any of its obligations hereunder by or through its agents, employees or attorneys.

6. COLLECTIONS, DISBURSEMENTS AND ADMINISTRATION

6.1 Collection and Transfer of Payments.

(A) The Lender, as servicer of the Loan and both Notes, shall be obligated to collect, as DCEO's trustee with respect to DCEO's pro rata share thereof, all payments of interest and principal due and payable on the Loan, together with any charges, fees, costs, expenses and any and all other amounts due on or in connection with the Loan Documents, including without limitation all Servicing Expenses incurred by Lender. Unless the Lender is otherwise entitled to apply payments as provided in Section 9 hereof, the Lender shall promptly remit DCEO's share of payments on account of principal and interest to DCEO within five (5) business days of receipt.

6.2 Loan Servicing and Application of Payments.

(A) In its handling of the Loan and any collateral security rights under the Loan Documents, the Lender shall exercise the same care and due diligence it exercises when it processes loans and collateral security rights on its own behalf and within the covenants and requirements in Sections 6.5, 6.6, and 6.7. Except for the express warranties contained herein, the Loan and Participation shall be for the amounts specified in DCEO's Approval Letter and in the DCEO Note. Except as provided for in Section 18.1, a Participation or a Loan may not be transferred by DCEO or the Lender (as applicable), in whole or in part, without the written consent of the other party. It is also understood that the Lender shall have no independent responsibility for the performance of a Borrower's obligation, nor for any failure or delay in exercising any rights or powers given the Lender by the Loan Documents, beyond undertaking the same care that the Lender exercises in the making and handling of loans and credits for its own account.

6.4 Application of Monies. Except as provided in Section 6.7, all monies collected or received by the Lender in connection with any Loan (other than the fees) shall be applied and distributed in the following order of priority: (i) to the payment of all Servicing Expenses (if any); (ii) to the payment of accrued and unpaid interest on the Notes, based on the percentage of the total Loan represented by the Lender Note and DCEO Note; and (iii) to the payment of principal on the Notes, based on the percentage of the total Loan represented by the Lender's Note and DCEO Note. Before any distribution to DCEO, with respect to any such application being made, the amount thereof shall be adjusted to the extent that any amount is owed by either party to the other, in accordance with the terms hereof.

18. MISCELLANEOUS

18.7 Entire Agreement. This Addendum, in combination with the Master Agreement sets forth the entire understanding of the parties and supersedes any and all prior agreements, arrangements and understandings relating to the subject matter hereof. No representation, promise, inducement or statement of intent has been made by either party that is not embodied in this Addendum and the Master Agreement, and neither party shall be bound by or liable for any alleged representations, promise, inducement or statement of intention not expressly set forth herein. This Addendum shall be binding upon, and shall inure to the benefit of, the Lender and DCEO and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to the Master Agreement to be executed on their behalf by their duly authorized officers as of the day and year first written above.

Lender's execution of this Addendum shall serve as its certification under oath that Lender has read, understands and agrees to all provisions of this Addendum and the Master Agreement and that the information contained in the Addendum and Agreement is true and correct to the best of its knowledge, information and belief and that the Lender shall be bound by the same. Lender acknowledges that the individual executing this Addendum is authorized to act on the Lender's behalf. Lender further acknowledges that the award of Participations under this Addendum and the related Master Agreement is conditioned upon the above certification.

(Lender)

By: _____

Date: _____

Printed Name

Its: _____

ILLINOIS DEPARTMENT OF
COMMERCE AND ECONOMIC OPPORTUNITY

By: _____
Director

Date: _____

EXHIBIT A

SAMPLE APPROVAL LETTER FOR SBA-7A SUPPORTED PROJECTS

Date _____

Name _____
Address _____
City, State Zip Code+4 _____

Re: Master Participation Agreement No. _____
Master Participation Agreement Addendum No. _____

Dear _____:

The Illinois Department of Commerce and Economic Opportunity ("DCEO") hereby agrees to purchase a one hundred percent (100%) Participation interest in a Note, (DCEO Note), that comprises _____ percent (____%) of the total amount of your Loan to _____ for \$_____ which is _____ percent (____%) of the total Project on the terms and conditions described in the loan application related to such Loan submitted by you to this Department. Among the terms applicable to this loan are the following:

| | | | | |
|----|-----------------------------------|----------|-------------------------------|---------|
| 1. | Total Amount of Loan: | \$ _____ | | |
| 2. | Lender Note Portion: | \$ _____ | Lender Percentage | % _____ |
| 3. | DCEO Note Portion: | \$ _____ | DCEO Percentage | % _____ |
| 4. | Initial Lender Note Interest Rate | _____ | | |
| 5. | Initial DCEO Note Interest Rate: | _____ | (Fixed/ Variable/ Adjustable) | |
| 6. | Spread* | _____ | | _____ |

*The difference between the Initial Lender Note Rate and the Initial DCEO Note Interest Rate; this difference to be maintained in the event the Initial Lender Note Rate changes between the date of this Approval Letter and the date of DCEO's closing its Participation in the subject Loan.

7. Loan Terms:

Lender Terms _____

DCEO Terms Lender will advise DCEO in writing prior to its Loan closing of any changes to the initial Lender Rate. This may require additional approvals being obtained from the Department.

8. Address of Borrower: _____

9. Payments to DCEO (will/will not) be subordinate to the Lender in the event of default. However, when

the Loan is performing as agreed between the Lender and Borrower, the Lender will divide all payments/prepayments on a pari passu basis, as if the two Notes comprised one instrument.

This approval, and any subsequent funding of the Participation, is subject to the following contingencies:

1. Lender shall provide two Notes; one Note, (the "Lender Note"), evidencing the full amount of the Lender's portion of the overall Loan, and another, separate Note, (the "DCEO Note"), evidencing the full amount of DCEO's Participation in the overall Loan . Both Notes will reflect the same terms and conditions, (with the exception pertaining to rates), and be treated by the Lender as part and parcel of the same Loan. In no case will the DCEO term of obligation exceed the maturity date as shown on the DCEO Note.
2. At all times during which DCEO owns a Participation interest in the Loan or until the Loan is paid in full, Lender shall continue to own and shall not assign or sell an interest equal to at least fifty percent (50%) of the total amount of the Loan. Additionally, the DCEO principal balance may never exceed the agreed upon Participation percentage of the principal balance of the Loan.
3. This purchase of a Participation in such Loan is made pursuant to and shall be governed by the Master Participation Agreement dated _____, 201____, as amended/alterred under this Addendum (the "Master Participation Agreement"), by and between you and this Department. All capitalized terms used in this Approval Letter not defined herein shall have the meaning ascribed to same in the Master Participation Agreement.
4. As per Section 3 of the Master Participation Agreement, DCEO's obligations will cease immediately, notwithstanding this Approval Letter, without penalty of further payment being required (a) if the Allocated Funds for the Program are no longer available (whether they have all been otherwise utilized or the Department no longer has access to them) or (b) in any fiscal year that the Illinois General Assembly fails to appropriate or otherwise make available sufficient funds.
5. This Approval Letter does not obligate DCEO for an extension of credit beyond the DCEO terms as described above. It is mutually understood and agreed that this Approval Letter and/or the Master Participation Agreement and any Addendum thereto, represents the entire understanding between the Lender and DCEO regarding the terms applicable to this Participation and that no oral representations or inducements regarding the terms applicable to this Participation that are not included or embodied in this letter and the Master Participation Agreement shall be of any force and effect.
6. Lender is notified that, in any instance where the length of the principal amortization schedule exceeds the number of years of the Loan term to which the Department is committing, thus obligating the Borrower to make a balloon payment at the end of the initial Loan term, the Department is under no obligation, whatsoever, to participate in any financing of said balloon for any future term.
7. Lender is in material compliance with all federal and state laws, rules, and regulations pertaining to the making of loans (including 31 C.F.R. § 103.121 and 31 C.F.R. § 1020.220); notwithstanding the above, if the Lender is under a Memorandum of Understanding or other regulatory action, it has submitted a certification from its Corporate Counsel affirming that the Lender has addressed the issues raised by the government and is in substantial compliance with the regulator's guidance.
8. After the Lender closes the Loan it must provide an original Participation Certificate (Exhibit B of the Master Participation Agreement) and copies of the Lender's executed Loan Documents as described in the Definitions Section of the Master Participation Agreement Addendum for SBA-7A Supported Projects, within ten (10) business days of closing.
9. The Lender, upon receipt of the DCEO funds, shall complete the Lender's Receipt of DCEO Funds and Confirmation of Deposit to Borrower (Exhibit D) and return it to DCEO at the same address as set forth in paragraph ten below.

Name of Lender
Date
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10. Payments will be made by check and forwarded to DCEO at 500 East Monroe Street, Accounting Office, Springfield, Illinois 62701-1615. Please include with each payment the Monthly Report/ Payment Distribution Summary and Transmittal (Exhibit D) showing the receipt of the payment and the details of how the total payment was distributed. Additional matters affecting that status or quality of the credit will similarly be reported in the "Notes" section of Exhibit D. (Sample Exhibit D attached)
11. **The Loan must close within one hundred twenty (120) days of this Approval Letter, unless a written extension of time is granted by DCEO, otherwise this Approval Letter will expire.**

This will confirm your acceptance of these conditions. **Pursuant to the Master Participation Agreement and the Master Participation Agreement Addendum for SBA-7A Supported Projects , this approval letter will expire thirty (30) days from the date of this letter, unless a written extension is granted.** Please sign, date and return this original approval letter to:

The staff of the Department of Commerce and Economic Opportunity looks forward to working with you. If you have any questions, please feel free to contact _____(Loan Officer) at _____(phone).

ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY

By: _____
Chairperson
Financial Review Committee

(Lender)

By: _____

Printed Name

Its: _____

Date: _____

Enclosures

EXHIBIT B

PARTICIPATION CERTIFICATE

The undersigned lender (the "Lender") and the Illinois Department of Commerce and Economic Opportunity ("DCEO") have entered into a **Master Participation Agreement** **Number #_____ dated _____, 201_____**, (the "Master Agreement"), and a **Master Participation Agreement Addendum for SBA-7a-Supported Projects Number #_____ dated _____, 201_____**, pursuant to which such parties have agreed that DCEO from time to time may purchase from the Lender Participations in loans made by the Lender. This Participation Certificate shall acknowledge the purchase of such a participation (the "Participation") in a loan (the "Loan") of the Lender to _____ (the "Borrower"). The Loan was made on _____, 201_____ on the terms and conditions described in the Approval Letter and those contained in the application related to the Loan submitted by the Lender to DCEO. **(DCEO has agreed to the subordination of payments in certain situations pursuant to Section 6.7 of the Master Agreement. OR DCEO will not subordinate payments in certain situations pursuant to Section 6.7 of the Master Agreement.)***

The Lender represents to DCEO (a) that the Loan has been made on the terms and conditions described in the related application submitted to DCEO, (b) that it has provided to DCEO copies of both promissory Notes and all other documentation required by Section 3 of the Master Agreement and such copies are true and correct as of the date hereof. This Participation shall be governed by all of the terms and conditions contained in the Master Agreement, as modified in the Master Participation Agreement Addendum for SBA-7a-Supported Projects, and the Approval Letter.

(LENDER)

By: _____

Printed Name _____

Its: _____

Date: _____

Acknowledged:

ILLINOIS DEPARTMENT OF
COMMERCE AND ECONOMIC OPPORTUNITY

By: _____
Director

Date: _____

EXHIBIT C

APPLICANT'S CERTIFICATION

The undersigned acknowledges that a participation interest (the "Participation") in the loan (the "Loan") for which it has applied from _____ (the "Lender") may be sold to the Illinois Department of Commerce and Economic Opportunity ("DCEO") pursuant to the federal State Small Business Credit Initiative ("SSBCI") of the Small Business Jobs Act of 2010 (Title III of Public Law 111-240); the Allocation Agreement dated July 26, 2011 between the United States Department of the Treasury and the State of Illinois; Article 5, Section 45 of Public Act 97-57 of the Illinois General Assembly; and the Department of Commerce and Economic Opportunity Law (30 ILCS 605/605-1 *et seq.*). The Lender will continue to handle and service the entire Loan and all payments will be made to the Lender. In order to induce DCEO to purchase the Participation in the Loan, the undersigned agrees and certifies to the Lender and DCEO as follows:

1. The project of the undersigned for which Loan funds are to be used (the "Project") would not be undertaken unless the Loan is provided or the Director of DCEO determines that it is in the best interests of the State of Illinois' economy to provide the Loan.
2. The purchase of the Participation will cause a Project to be undertaken in Illinois which has the potential to create or retain substantial employment or to modernize or improve the competitiveness of the undersigned in relation to the amount of the Loan.
3. The Project is a new plant start-up, modernization, expansion or a new venture opportunity in Illinois and is not a relocation of an existing business from another site within the State of Illinois unless that relocation results in substantial employment growth.
4. The undersigned is ready to implement the Project and has the financial ability to carry out the Project.
5. The undersigned is a credit disadvantaged firm, such as a business start-up or micro-enterprise or other young firm, or an industrial expansion, modernization, environmental upgrade or other mature firm.
6. The undersigned is a for-profit corporation or limited liability corporation, partnership or sole proprietorship having seven hundred fifty (750) or fewer employees and is authorized to conduct business in the State of Illinois.
7. The undersigned is not:
 - (a) in the business of manufacturing or selling at wholesale, tobacco products, liquor or sexually explicit materials;
 - (b) a business engaged in speculative activities that develop profits from fluctuations in price rather than through normal course of trade, such as wildcatting for oil and dealing in commodities futures, unless those activities are incidental to the regular activities of the undersigned and part of a legitimate risk management strategy to guard against price fluctuation related to the regular activities of the undersigned;
 - (c) a business that earns more than half of its annual net revenue from lending activities; unless the undersigned is a non-bank or non-bank holding company certified as a Community Development Financial Institution (CDFI);

- (d) 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;
- (e) a business engaged in activities that are prohibited by federal law or applicable law in the jurisdiction where the business is located or conducted, including the production, servicing or distribution of otherwise legal products that are to be used in connection with an illegal activity, such as selling drug paraphernalia or operating a motel that knowingly permits illegal prostitution; or
- (f) a business engaged in gambling enterprises, unless the undersigned earns less than 33% of its annual net revenue from lottery sales.

8. The undersigned is not is not an executive officer, director or principal shareholder of the Lender or a company which controls the Lender, or a subsidiary or affiliate of the Lender; nor a member of the immediate family of an executive officer, director or principal shareholder of the Lender or a company which controls the Lender, or a subsidiary or affiliate of the Lender; nor an entity controlled by an executive officer, director or principal shareholder of the Lender or a company which controls the Lender, or a subsidiary or affiliate of the Lender; nor a member of the immediate family of an entity controlled by an executive officer, director or principal shareholder of the Lender or a company which controls the Lender, or a subsidiary or affiliate of the Lender. For purposes of this paragraph, the terms "executive officer," "director," "principal shareholder," and "immediate family" shall be as defined in 12 C.F.R. Sec. 215.2 (1991), including any amendments thereto.

9. No principal of the undersigned has been convicted of a sex offense against a minor (as such terms are defined in Section 11 of the Sex Offender Registration and Notification Act (42 U.S.C. § 16911)).

10. The undersigned agrees to submit annual Job Reports to DCEO upon request.

11. The proceeds of the Loan will not be used:

- (a) to repay delinquent federal or state income taxes unless the undersigned has a payment plan in place with the relevant taxing authority;
- (b) to repay taxes held in trust or escrow (e.g., payroll or sales taxes);
- (c) to reimburse funds owed to any owner of the undersigned, including any equity injection or injection of capital for the undersigned's continuance;
- (d) to purchase any portion of any ownership interest in the undersigned;
- (e) for activities that relate to acquiring or holding passive investments, such as commercial real estate ownership and the purchase of securities; and lobbying activities, as defined in Section 3(7) of the Lobbying Disclosure Act of 1995, P.L. 104-65, as amended; or
- (f) to refinance a loan previously made to the undersigned by Lender.

12. Under penalties of perjury, the undersigned certifies that it does business under the legal name of _____, which is identified with the following Federal Taxpayer Identification Number _____, and that it does business as a:

| | | | |
|-------|------------------------------------|-------|------------------------|
| _____ | Individual (01) | _____ | Governmental (08) |
| _____ | Sole Proprietor (02) | _____ | Nonresident Alien (13) |
| _____ | Partnership/Legal Corporation (03) | _____ | Estate or Trust (10) |

| | |
|---|--|
| <input type="checkbox"/> Tax Exempt (16) | <input type="checkbox"/> Pharmacy (Non-Corp.) (11) |
| <input type="checkbox"/> Corporation providing or billing medical and/or health care services | <input type="checkbox"/> Pharmacy/Funeral Home/ Cemetery (Corp.) (15) |
| <input type="checkbox"/> Corporation NOT providing or billing medical and/or health care services | <input type="checkbox"/> Limited Liability Company |
| (select applicable tax classification) | |
| <input type="checkbox"/> D-Disregarded Entity | |
| <input type="checkbox"/> C-Corporation | |
| <input type="checkbox"/> P-Partnership | |

13. The undersigned certifies that it is a Corporation, Partnership or other entity (other than individual) with:

A) 25 or more employees at the time of issuance of this contract,
or
B) 24 or fewer employees at the time of issuance of this contract.

If Option "A" is checked, and the amount of the Participation is more than \$5,000, the undersigned is notified that the Drug Free Workplace Act is applicable to this Participation and it must comply with the terms of said Act. (30 ILCS 580/1 *et seq.*).

If Option "B" is checked, *or* the amount of this Participation is less than \$5,000, the Drug Free Workplace Act is not applicable to this Participation.

14. The undersigned certifies that it shall comply with all applicable provisions of Federal, State and local law in the performance of its obligations pursuant to the Loan.

15. The undersigned certifies that entering into the Loan is not in violation of the Educational Loan Default Act (5 ILCS 385/3) prohibiting certain contracts to individuals who are in default on an educational loan.

16. The undersigned certifies (i) that it will not commit unlawful discrimination in employment in Illinois as that term is defined in Article 2 of said Act; (ii) that it will comply with the provisions of Article 5 of the Act regarding equal employment opportunities and affirmative action; and, (iii) that it will comply with policies and procedures established by the Department of Human Rights under Article 7 of the Act regarding equal employment opportunities and affirmative action. The Borrower further certifies that, if applicable, it will comply with the Public Works Employment Discrimination Act (775 ILCS 10/0.01 *et seq.*).

17. The undersigned certifies that it will comply with all federal, state and local laws, including but not limited to the filing of any and all applicable tax returns. In the event that the undersigned is delinquent in filing and/or paying any federal, state and/or local taxes, the Department shall disburse loan funds only if the undersigned enters into an installment payment agreement with said tax authority and remains in good standing therewith. The undersigned acknowledges and agrees it is required to tender a copy of any such installment payment agreement to the Department. The undersigned acknowledges and agrees that it may not utilize Loan funds to discharge outstanding tax liabilities or other debts owed to any governmental unit. The undersigned certifies that (i) it is current as to the filing and payment of any federal, state and/or local taxes applicable to it; and (ii) it is not delinquent in its payment of moneys owed to any federal, state, or local unit of government.

18. The undersigned certifies, in accordance with the State Prohibition of Goods from Child Labor Act (30 ILCS 584/1 *et seq.*), that no foreign-made equipment, materials, or supplies furnished to the State in connection with this Agreement have been produced in whole or in part by the labor of any child under the age of 12.

19. The undersigned shall monitor any construction undertaken as part of a Project to assure that necessary contractor's affidavits and waivers of mechanics liens are obtained prior to release of Loan funds to contractors and subcontractors.

20. The undersigned certifies that any proposed Project is compatible with established state policy regarding wetlands, pursuant to the Interagency Wetland Policy Act of 1989 (20 ILCS 830/1 *et seq.*). The undersigned acknowledges that the Illinois Department of Natural Resources may, from time to time, monitor a proposed Project to ensure continued compliance with the aforementioned Act. In the event that a Project does not remain in compliance with the Act, such noncompliance shall constitute a breach of this Agreement, and failure to cure the breach within sixty (60) days after notice thereof will result in the termination of the Participation in such Loan/Project.

21. The undersigned certifies that it has not been barred from bidding on, entering into, or receiving State contracts as a result of a violation of Section 33E-3 or 33E-4 of the Illinois Criminal Code of 1961 (Bid Rigging or Bid Rotating, respectively) (720 ILCS 5/33E-3 and 5/33E-4).

22. The undersigned certifies it has written sexual harassment policies that include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under State law; (iii) a description of sexual harassment, utilizing examples; (iv) the undersigned's internal complaint process including penalties; (v) the legal recourse, investigative and complaint process available through the Department of Human Rights and the Human Rights Commission, including directions on how to contact them; and (vi) protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act (775 ILCS 5/2-105 *et seq.* and 775 ILCS 5/6-101). A copy of the policies shall be provided to the Department upon request.

23. The undersigned certifies that services, programs, and activities contemplated under this Agreement are and will continue to be in compliance with the Americans with Disabilities Act (ADA) (42 U.S.C. 12101 *et seq.*) and the regulations thereunder (28 CFR 35.130), which prohibit discrimination against persons with disabilities, whether directly or through contractual arrangements, in the provision of any aid, benefit, or service. The undersigned further certifies that all facilities utilized by it in the performance of this Agreement comply with State accessibility laws.

24. The undersigned certifies that neither it nor any affiliate company is participating or will participate in an international boycott, as defined by the provisions of the U.S. Export Administration Act of 1979 or by the regulations of the U.S. Department of Commerce promulgated pursuant to the Act.

25. DCEO is authorized to publicize information regarding its Participation in the Loan, including, without limitations, information related to the name of the borrower, the amount of the Loan and the amount of the Participation by DCEO in the Loan. Notwithstanding the foregoing, DCEO is committed to protecting the privacy of its vendors, grantees and beneficiaries of programs and services. At times, DCEO may request social security numbers or other personal identifying information. Federal and state laws, rules and regulations require the collection of this information for certain purposes relating to employment and/or payments for goods and services, including, but not limited to, grants. DCEO also collects confidential information for oversight and monitoring purposes. Furnishing personal identity information, such as social security number, is voluntary; however, failure to provide required personal identity information may prevent an individual or organization from using the services/benefits provided by DCEO as a result of state or federal laws, rules and regulations.

26. The undersigned certifies that it will not expend any Loan funds which result in the destruction, alteration, renovation, transfer or sale, or utilization of a historic property, structure or structures, or in the introduction of visual, audible or atmospheric elements to a historic property, structure or structures, which will result in the change in the character or use of any historic property, except as approved by the Illinois Historic Preservation Agency. Historic Preservation Act (20 ILCS 3420/1 *et seq.*).

THIS SECTION TO BE COMPLETED BY AN APPLICANT RECEIVING A LOAN BASED ON MINORITY, FEMALE, DISABLED OR VETERAN OWNED BUSINESS STATUS. This information is for DCEO's use only.

27. The undersigned certifies that the applicant qualifies for this Loan based on Minority, Female, Disabled, or Veteran Owned Business status as defined in 30 ILCS 572/2 or 30 ILCS 750/9-4.3, as applicable, and certifies that it is one of the following entities (initial one).

- Minority Owned Business Applicant
- Female Owned Business Applicant
- Disabled Owned Business Applicant
- Veteran Owned Business Applicant

The undersigned acknowledges and agrees that the certifications made herein shall be considered representations made pursuant to the Loan Agreement related to the Loan with the same ramifications in the event they are inaccurate.

This Certification is executed as of the _____ day of _____, 201____.

PRINT/TYPE NAME OF APPLICANT

By: _____

Its: _____

Date: _____

Exhibit D
Participation Loan Program

Monthly Report / Payment Distribution Summary and Transmittal
Illinois Department of Commerce and Economic Opportunity

Transmittal Number

Date

Borrower Name:

Master Agreement SEQ
(DCEO LOAN NUMBER)

Lender Name:

Loaned Amounts Investment % Funding Dates Interest Rate** FAV Lender's Loan ID

LENDER

DCEO Details

DCEO

Yr. Adjust
Yr. Amort
Yr. Term/Balloon

BORROWER

** The DCEO Variable or Adjustable Interest Rate has a 3.0% Floor per the Master Participation Agreement.

| | | | | |
|----------------------|-------------------------|----------------------------|-------------|----------------|
| <u>BORROWER</u> | <u>Borr. Due Date</u> | <u>Borrower's Interest</u> | <u>Last</u> | <u>Current</u> |
| <u>Payment Dates</u> | <u>Paid This Pmt. :</u> | <u>"Paid To" Dates :</u> | <u>/</u> | <u>/</u> |
| (mm/dd/yyyy) | | | | |

| | | | | |
|--|---|--|---|---|
| <u>Col 1A</u> <u>Beginning</u> <u>Princ. Balance</u> | <u>Col 1B</u> <u>Total</u> <u>Pmt. Amount</u> | <u>Col 1C</u> <u>Amount</u> <u>Paid to Principal</u> | <u>Col 1D</u> <u>Amount</u> <u>Paid to Interest</u> | <u>Col 1E</u> <u>Ending</u> <u>Princ. Balance</u> |
|--|---|--|---|---|

LENDER

DCEO

BORROWER

VERIFIED VERIFIED

LENDER

DCEO

BORROWER

| | | | | |
|--|--|--|-------------|---|
| <u>Col 2A</u> <u>Interest Rates</u> <u>This Period</u> | <u>Col 2B</u> <u>No. of Days</u> <u>For Interest</u> | <u>Col 2C</u> <u>No. Days / YR</u> <u>for Interest Calc.</u> | <u>DCEO</u> | <u>Col 2E</u> <u>Investment Percent</u> <u>Ending Balance</u> |
|--|--|--|-------------|---|

MATURITY

DATE

DCEO's share of the borrower's payment is to be sent and postmarked within 5 business days of receipt or late fees apply.
Please attach check payment face up over the outlined space below but keeping below this line.

NOTES: Is this Loan Current? Yes No If delinquent, how many days?

Is the Loan in nonaccrual? Yes No If Yes, as of what date?

Describe actions being taken about a delinquent Loan :

| | | |
|--|---|--------------|
| <u>CURRENT</u> <u>DCEO</u> <u>PAYMENT:</u> | <u>Actual Date the Borrower's Payment was Received:</u> | <u>Date:</u> |
|--|---|--------------|

Chk / Inst. No: _____

CONTACT: Person to contact for detailed information about the preparation of this Summary / Transmittal.

Name: _____

Phone Number

FAX Number

e-mail address: _____

REPORT/SUMMARY FORMAT IS SUBJECT TO CHANGE WITHOUT PRIOR NOTICE TO MEET THE NEEDS OF THE DEPARTMENT. USE LATEST REVISION.

REV July 2003

**DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
LENDER'S APPLICATION FOR PARTICIPATION IN SBA-7(a) SUPPORTED PROJECTS**

Lender _____ Contact _____ Title _____

Address _____ FEIN# _____

City _____ State _____ Zip _____ Telephone _____ E-Mail _____

Applicant _____

We request Approval for: [] Loan Participation in SBA-7A Supported Project

Amount of Loan: Lender Note: DCEO Note: Combined Loan Payments: Starting ____ months
\$ _____ \$ _____ % \$ _____ % \$ _____ Per Month after disbursement

Lender's Interest Rate DCEO Interest Rate Blended/Weighted Interest Rate

Months _____ % _____ %

The following must be completed and submitted:

1. Lender's Application for Participation in SBA-7(a) Supported Projects.
2. Applicant's Project Proposal and Applicant's Certification.
3. Lender's Internal Loan Report to include:
 - a. Financial, Profitability and Repayment Analysis, including ratios, trends, and Industry Standards (e.g.: RMA Comparables)
 - b. Assessment of applicant's Management Skill and Business Plan.
 - c. Collateral Analysis, including lien position and adequacy.
 - d. Lender's experience with the applicant, including Strengths and Weaknesses.
 - e. Explain the need for State Assistance.
4. Applicant's Historical Balance Sheets and Income Statements for three years, a Current Interim Statement, and Projected Income Statements for the first three years.
5. Applicant's Credit Report(s).

LENDER'S CERTIFICATION

I certify to DCEO that the loan represented by this application is approved subject to terms specified. Without DCEO's participation, as requested, we would not be willing to make this loan, and in our opinion the financial assistance requested is not otherwise available on reasonable terms. I have reviewed and verified the information in the Applicant's Project Proposal, Applicants Certification and the documentation supporting this application. I certify, to the extent of my knowledge, that the applicant is a for-profit small business (for the purposes of this program), the proceeds will be used for an eligible purpose in Illinois and the owners and managers of the Applicant's business are of good character.

- Certifying Lender Signature-

-Title -

- Date -

FOR DCEO USE ONLY

Applicant is [] eligible [] ineligible [] minority [] veteran [] women [] disabled [] rural micro-business

Project is [] start up [] expansion [] modernization [] competitiveness improvement

Project [] will [] will not proceed without this participation

Employment impact is [] adequate [] inadequate for funds requested

Wetlands [] no construction [] plat map submitted AND DCEO certified "no wetlands impact" OR plan approved by DNR.

Applicant [] has [] has not demonstrated the ability to carry out the project

Participation [] recommended [] not recommended [] recommended for \$

Lender Analysis reviewed and [] concurred [] not concurred

Comments:

-Analyst -

- Title -

- Date -

DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY
APPLICANT'S PROJECT PROPOSAL FOR SBA-7(a) SUPPORTED PROJECTS

Name of Applicant _____ Contact _____ Title _____
Address _____ Telephone _____ E-Mail _____
City _____ State _____ Zip _____ FEIN/Tax ID _____ Unemploy. Ins. No _____
Project Address _____ County _____ NAICS Code _____
City _____ State _____ Zip _____ Duns Number

| Requested Loan | Equity | Other | Other | Total Project Cost |
|----------------|--------|-------|-------|--------------------|
| \$ | \$ | \$ | \$ | \$ |

COMPLETE THE FOLLOWING (attach a separate page if necessary):

Briefly Describe The Project:

How will these loan funds be used?

Employment Impact: Describe your businesses employment (e.g. number, type, full & part time) now and after this project has been implemented.

How will this project modernize your business or improve its competitiveness?

Wetlands will not be impacted because the use (s) of DCEO funding is limited to repair, maintenance and/or renovation of existing buildings, facilities, lawns and ornamental plantings; purchase of machinery and equipment; and/or working capital financing.

There is the potential for a wetland impact to occur because the uses(s) of DCEO funding includes new construction or expansion of existing buildings or facilities or other alterations to the "footprint" of the facilities on the property. A plat map of the site is included with this application, so that DCEO staff can compare the property's location against the National Wetlands Inventory (NWI) to identify wetlands located on or within 250 feet of the property.

I/We certify to the Lender and DCEO that the statements made in this Applicant's Project Proposal, the Applicant's Certification and the documents submitted to the Lender are true, may be relied upon in considering this loan, and may be verified in any manner deemed appropriate, including the Illinois Department of Employment Security, Consumer Credit Bureau Services, business reporting services and criminal history record check. The applicant(s) authorize the Lender and DCEO to release the information on this page (excluding % ownership, SSN and Race/Gender/Disability) in announcements, press releases and other public information documents. Notwithstanding the foregoing, DCEO is committed to protecting the privacy of its vendors, grantees and beneficiaries of programs and services. At times, DCEO may request social security numbers or other personal identifying information. Federal and state laws, rules and regulations require the collection of this information for certain purposes relating to employment and/or payments for goods and services, including, but not limited to, grants. DCEO also collects confidential information for oversight and monitoring purposes. Furnishing personal identity information, such as social security number, is voluntary; however, failure to provide required personal identity information may prevent an individual or organization from using the services/benefits provided by DCEO as a result of state or federal laws, rules and regulations.

- Applicant's Signature(s) -

- Title -

- Date -