

**Minburn Telephone Company
d/b/a
Minburn Communications**

REVOLVING LOAN FUND

Minburn Communications has played an active role in the development of rural Iowa. Through its board and staff, we have provided not only leadership but financial participation in economic and community development. Through the creation of a Revolving Loan Fund (RLF), we are seeking to improve the quality of life in rural areas by contributing to the long-term improvement in the economy, including job creation and retention, diversification of the economy, improving the education and skills of the rural workforce, and upgrading the public infrastructure to improve the health, safety, and/or medical care of rural residents.

Eligible Applicants include any business venture, governmental public body, or non-profit entity involved in a community or economic development project that creates or saves jobs and/or provides needed community facilities that benefit rural areas in the State of Iowa.

Eligible Applicants include:

- Corporations
- Limited Liability Companies
- Partnerships
- Sole Proprietorships
- Cooperatives
- Nonprofit Entities
- Governmental Units, including: Local Townships, Municipalities, County Government, Regional Authorities, School Districts, and City or County Hospitals
- Federally-recognized Tribal Authorities

Application projects must create or retain employment or provide needed community facilities and services such as:

- Industrial/Commercial Development
- Small Business Expansion or Startup
- Business Incubators
- Community Infrastructure
- Community Facilities
- Medical Facilities
- Training/Educational Facilities
- Tourism

Loan Purposes

Uses of RLF loan proceeds may be for land, buildings, manufacturing machinery and equipment, office and work equipment or infrastructure improvements. Working capital loans will only be considered in conjunction with the purchase of other assets as previously specified.

Special Loan Limits—Residential Housing Projects

Recognizing the link between economic development, workforce availability and housing development and in accordance with USDA program limits, up to 20% of the RLF may be used for residential housing projects. Please note, consumer financing of a residence is not permitted.

In-Eligible Uses of RLF Funding:

- Refinancing of existing debt, or payment to business owners or partners;
- Projects without any supplemental financing;
- Activities determined to be for investment purposes;
- General improvement loans related to normal replacement needs of a business and unrelated to business expansion/job creation;
- Projects that would result in the transfer of existing employment or business activity more than 25 miles from its existing location;
- Agricultural production except where the project is a farmer-owned cooperative or similar, and the agriculture production is part of an integrated business that processes the agriculture products, and the agriculture production portion of the loan will not exceed 50% of the loan amount;
- Projects that are primarily working capital with limited security and/or without other capital purchases as part of the project;

- Construction projects of an individual residential nature;
- Vehicles used for general purposes or that may be considered for personal use;
- Illegal activities and legalized activities (e.g. gambling casinos) that in the opinion of the Board of Directors adversely affect RLF interests;
- Projects in which any director, officer, general manager, or supervisory employee of the Intermediary, or close relative thereof, has a financial interest; projects in which any subsidiary or affiliated organization of Intermediary has a financial interest; or projects which, based on the judgment of the Board, would create a conflict of interest, potential for conflict of interest, or any appearance of a conflict of interest.

Minimum / Maximum Loan Amounts

The minimum RLF loan will be \$25,000 and the maximum RLF Loan will be \$150,000.

Supplemental Financing Requirements

RLF projects must include a minimum of 20% funding from other sources. Greater leveraging of outside resources will enhance the approvability of an RLF loan request.

Interest Rate

Interest rates on all subsequent RLF loans will not exceed the prevailing prime rate as published in the Wall Street Journal on the day of loan closing and will be determined based on the evaluation of the applicant's ability to repay and the necessity of below market financing to advance the project.

Administration Fee

In addition to the interest rate charged, an annual loan servicing fee of up to 1% of the unpaid principal loan balance will be charged for loan administration.

Closing Costs / "Out of Pocket" Expenses

The RLF may charge loan recipients for loan closing costs, attorney's fees, filing fees, etc., as necessary to complete loan documentation. All loan fees will be addressed in the Loan Agreement between the RLF and the loan recipient.

Loan Terms

The term of an RLF loan shall not exceed 10 years and may be less than 10 years. The Loan Review Committee will make a recommendation concerning the term of the loan and payment frequency

(monthly, quarterly, etc.) depending upon project need, the expected life of the security, and the applicant's ability to repay. The term of the loan will not exceed the expected life of the asset being used as collateral.

Security / Collateral

The Intermediary will work with the potential loan recipient to obtain security that is adequate for the term of the loan. The nature of the collateral pledged shall be determined by the loan committee on a project-by-project basis. If the same collateral is used in joint financing, the RLF will seek a parity position with other lenders. Types of security may include:

- Mortgage Line on Real Property
- Machinery and equipment which have a developed market;
- Letter(s) of credit from acceptable financial institution(s);
- Securities issued by the Federal government or its agencies.
- Accounts receivable and inventory for short-term loans; and

The loan recipient will be required to maintain fire insurance, and flood insurance if necessary, on secured assets. In some cases, credit life or key man insurance will be required with the RLF as loss payee.

Personal guarantees from partners, directors or majority stockholders may be required for all corporate or partnership borrowings.

APPLICATION PROCEDURES

All applicants for RLF funding will be required to complete an application form and provide a corresponding business plan with verifiable data which demonstrates that their proposed projects are economically feasible, sustainable, and will provide benefits to rural areas, either through job creation or infrastructure improvements.