



MONTANA COMMUNITY FINANCE CORPORATION LOAN FEE AND DEPOSIT AGREEMENT

This agreement is made between the undersigned (the "Applicant") and Montana Community Finance Corporation ("MCFC").

Part I MCFC SERVICES

MCFC agrees to prepare, at the request of and with the assistance of the Applicant, an SBA 504 loan package including a complete set of forms, documents and supporting exhibits.

MCFC, a Certified Development Company (CDC), agrees to submit Applicant's application for financing through the U.S. Small Business Administration's 504-Loan Program upon approval by MCFC's Loan Review Committee. By submitting the loan package to the U.S. Small Business Administration ("SBA"), MCFC will be requesting that SBA guarantee a debenture issued by MCFC. If the loan package is approved by SBA, the proceeds of the debenture sale will be used by MCFC to provide subordinated mortgage financing for the Applicant in accordance with the terms and conditions of the SBA's Authorization for Debenture Guarantee ("Authorization").

The Authorization is SBA's written agreement providing the terms and conditions under which SBA will make or guarantee the loan, it is not a contract to make a loan. Therefore, MCFC does not guarantee the Applicant the loan will ultimately be funded.

Part II APPLICATION DEPOSIT

In consideration of MCFC's providing the above-described financing services, the Applicant agrees to make a deposit in the amount of \$500 at the time this agreement is signed.

- If MCFC or the SBA declines the application, the deposit will be refunded in full within 10 business days of decline.
- If SBA approves the loan, the deposit will be applied to the CDC Processing Fee (see below).
- If the Applicant withdraws its loan application at any time before SBA issues the Authorization, MCFC may deduct its reasonable and necessary costs incurred in packaging and processing the loan application and refund the remaining balance to Applicant.

Part III PROCESSING AND SERVICING FEES

Applicant acknowledges and agrees to the following one-time fees associated with the 504 loan. These fees will be funded out of the gross Debenture, unless stated otherwise:

SBA guarantee fee – A fee equal to .50% of the net Debenture for loans approved on or after October 1, 2011.

CDC Processing Fee – A fee equal to 1.5% of the net Debenture to MCFC to process the SBA 504 loan.

Two-thirds of this fee will be earned and collected from Applicant once the Authorization is issued by the SBA. The \$500 application deposit will be applied to this portion of the processing fee. At SBA 504 loan funding, the CDC processing fee will be reimbursed to Applicant less closing costs for title insurance and recording fees. If the loan is cancelled for any reason after the Authorization is issued, the two-thirds portion of the CDC processing fee shall be retained by MCFC.

CDC Closing Fee – A fee equal to \$2,500 to MCFC for closing the SBA 504 loan.

Funding Fee – A fee equal to .25% of the net Debenture to cover the costs incurred for the public issuance of securities and the Trustee.

Underwriter's Fee – A fee equal to .40% of the net Debenture to the underwriters for their work with the debentures.

Applicant acknowledges and agrees to pay the following on-going servicing fees for the term of the SBA 504 loan. These fees will be included in the total monthly payment of the SBA 504 loan:

CDC Servicing Fee – A monthly servicing fee to MCFC of .75% per annum on the unpaid balance of the SBA 504 loan as determined at five-year intervals. MCFC is required to pay .125% of this fee to the SBA as an ongoing guarantee fee.

CSA Servicing Fee – A monthly servicing fee to the Central Servicing Agent (CSA) of .10% per annum on the unpaid balance of the SBA 504 loan as determined at five-year intervals.

Ongoing SBA Guarantee Fee – A monthly guarantee fee to SBA of .9375% on the unpaid balance of the SBA 504 loan as determined at five-year intervals. *Note:* This fee is determined by the approval date of the Authorization. This fee changes October 1st of each year by the SBA. The fee through September 30, 2012 is .9375%.

Applicant acknowledges and agrees to the following other fees associated with the SBA 504 loan:

Late Payment Fee – 504 loan payments received after the 15th of each month will be subject to a late payment fee of 5% of the payment amount or \$100, whichever is greater. The late fee is in addition to the regular monthly payment.

Assumption fee – An assumption fee equal to 1% of the outstanding principal balance of the SBA 504 loan being assumed may be charged prior to approving any assumption.

Part IV CLOSING COSTS

Applicant acknowledges and agrees to pay the following closing costs that are not financed in the SBA 504 loan.

Recording fees and Title Insurance – SBA requires proper recordation of loan documents and an ALTA Extended Loan Policy with endorsements necessary to provide affirmative coverage and protection to SBA and MCFC against material loss.

Legal Opinion – If Applicant, borrower or guarantor entities (other than natural persons) are not organized in the State of Montana, Applicant must obtain and pay for the legal opinion as required in the Authorization.

If the SBA 504 loan is cancelled for any reason after the Authorization is issued, the Applicant agrees to pay all out of pocket closing costs incurred by MCFC including but not limited to MCFC legal fees, title insurance, flood determination, and recording fees, within 30 days of date of invoice.

Part V CUSTOMER IDENTIFICATION NOTICE

To help the government fight the funding of terrorism and money laundering activities, Federal law requires MCFC to obtain, verify, and record information that identifies each person who applies for a SBA 504 Loan.

What this means for you is when you apply for an SBA 504 Loan, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We will also ask for a copy of your driver's license or other identifying documents.

Part VI BUSINESS AND CREDIT INFORMATION

Applicant authorizes MCFC to obtain confidential personal, business and financial credit information about the Applicant and its principals from financial institutions, credit reporting agencies or other sources. MCFC agrees all information received will be held in confidence and not divulged to persons or agencies, other than prospective lenders or guarantors.

Part VII ENVIRONMENTAL AND APPRAISAL

Applicant acknowledges during MCFC's environmental investigation of the real property securing the SBA 504 loan, a Records Search with Risk Analysis, Transaction Screen Analysis, Phase I Environmental Site Assessment and/or Phase II Audit that meets SBA requirements, may need to be ordered. This investigation may be shared with the participating lender. Applicant agrees to pay for the environmental investigation.

Applicant acknowledges MCFC and SBA will require an appraisal of the real property securing the SBA 504 Loan. This appraisal may be shared with the participating lender. Applicant agrees to pay for the appraisal.

Part VIII INFORMATION RELEASE

Applicant acknowledges MCFC may use information about Applicant and/or its affiliates for publicity purposes, i.e., news articles, pictures, etc. MCFC will not disclose information regarding the financial condition of Applicant or its affiliates.

Part IX MISCELLANEOUS CONDITIONS

Applicant acknowledges MCFC may request additional information from the Applicant as necessary to complete the loan package and/or respond to requests from the MCFC Loan Review Committee, SBA, or other participating lenders for further documentation or explanation of items in the loan package. Failure to furnish the requested information on a timely basis will delay review of the loan package and may result in denial.

Applicant further acknowledges that:

- There is a prepayment premium associated with the SBA 504 loan as described on Attachment 1.
- Monthly SBA 504 loan payments will be made by Automated Clearinghouse (ACH) or wire transfer.
- SBA Standard Operating Procedures (“SOP”) govern assumptions of SBA 504 loans, and Applicant will seek prior written consent from MCFC and the SBA to ensure compliance with the SOP before committing to any assumption.
- CDC, SBA and/or CSA will date and otherwise complete any terms of the Debenture, Note, or Loan Documents which were incomplete at the time of their execution as soon as such terms become known to them.
- The interest rate will be established at the time of the Debenture sale, and will be a function of the Treasury yield, investor spread, and servicing fees.

Name of Applicant: _____

By: _____

Printed Name: _____ Title: _____

Date: _____

MONTANA COMMUNITY FINANCE CORPORATION

By: _____

Printed Name: _____ Title: _____

Date: _____

Attachment 1

Prepayment

The Applicant may prepay the SBA 504 loan in full, partial prepayment is not allowed. To prepay, Applicant must give MCFC at least 45 days prior written notice and follow the instructions provided in the SBA 504 loan documents to complete the prepayment. The prepayment will be the sum of:

- 1) all principal and interest payments, servicing-agent fees, and SBA guarantee fees up to and including the date of the next semi-annual debenture payment date;
- 2) all MCFC servicing fees that accrue before Applicant prepays;
- 3) all late fees incurred before Applicant prepays;
- 4) all expenses incurred by MCFC for which Applicant is responsible;
- 5) the balance owing on the 504 loan as of the next semi-annual debenture payment date; and
- 6) the prepayment premium required which is determined as follows:

Prepayment Premium = $D(I \times P)$, where

D = the remaining principal balance of the Debenture

I = the interest rate stated on the face of the Debenture

P = the factor set forth below for the applicable year

20 year term		10 year term	
Year	P	Year	P
1	1.00	1	1.00
2	.90	2	.80
3	.80	3	.60
4	.70	4	.40
5	.60	5	.20
6	.50	6	0
7	.40		
8	.30		
9	.20		
10	.10		
11	0		