

CHAPTER III – BUSINESS LOANS

III-A. FINDINGS, PURPOSE AND OBJECTIVE

1. The Stockbridge-Munsee Tribal Council finds that:
 - The Reservation economy is underdeveloped and has a limited variety of job options.
 - Due to a lack of economic opportunities, many tribal members have a less than desirable quality of life.
 - Tribal members have historically suffered from a lack of access to reasonable credit due to lender’s concerns regarding adequate remedies for development on tribal trust property, as well as a lack of credit history and other social and economic factors.
 - A tribal business lending program to encourage entrepreneurship, employment opportunities, and economic development would serve the needs of the Tribe and its members.
2. The Stockbridge-Munsee Community, through the Mohican Loan Department, provides loans for startup businesses and those wishing to expand. Loans will be made only to borrowers that demonstrate the financial ability to repay the loan, provide sufficient assets to secure the loan, and meet the lending criteria established herein. The Tribe will consider whether the borrower has a viable business plan, the managerial skills to execute the plan, and intangibles such as personal commitment to succeed. The U.S. Department of Agriculture, Rural Development has provided resources for this loan fund through a Rural Business Enterprise Grant (“RBEG”). USDA’s requirements shall be followed for any use of RBEG funds.
3. Business projects assisted with loans made available through this funding source are intended to meet the following objectives:
 - Encourage the creation and retention of permanent jobs.
 - Increase the number of tribal member-owned private enterprises on or near the reservation.
 - Increase and maintain the number of businesses that directly contribute to the economy of the reservation.
 - Fund businesses that will support and cause the revolving loan fund program to realize self-sufficiency.
 - Improve the quality of life of enrolled Stockbridge-Munsee tribal members.

III-B. DEFINITIONS

1. “Debt Ratio” means the ratio of operating expenses plus debt repayment divided by business revenue.
2. “Department” means the Mohican Loan Department.
3. “Loan Closing” means the time when the borrower executes the promissory note and security agreement and other required documents in order to accept a loan.
4. “Member” means an enrolled member of the Stockbridge-Munsee Community.

5. “Marital Property Statement” means a form identifying whether or not a debt was incurred in the interest of the marriage or family.
6. “Guaranty” means a promise to personally fulfill the obligations under the loan and, if required, pledge his or her personal assets as security for the loan.
7. “Principal” of a business means a person with an ownership interest, an officer, or a member of the board or directors or other management structure.
8. “Promissory Note and Security Agreement” means the agreement containing the borrower’s promise to repay the loan from the Tribe and the borrower’s grant of a security interest in identified assets, including the borrower’s right to receive a share of any distribution from the Tribe’s enterprises.
9. “Tribe” means the Stockbridge-Munsee Community, Band of Mohican Indians, a federally recognized Indian tribe.
10. “USDA” means the United States Department of Agriculture, Rural Development, for purposes for this policy.

III-C. ELIGIBILITY CRITERIA

1. **ELIGIBLE AREA.** The area served by the Tribe for business loans shall be the State of Wisconsin.
2. **ELIGIBLE APPLICANTS.**
 - A. Applicant must be an enrolled member of the Tribe, who is 18 years of age or older.
 - B. If the business benefiting from the loan proceeds is a separate legal entity, the business must be identified as a co-applicant.
 - C. Fifty-one percent (51%) or more of the business must be owned by one or more enrolled member(s) of the Tribe.
 - D. Applicant must demonstrate an ability to repay the loan. Personal credit of the principals will also be considered.
 - E. Applicant’s business must be a small and emerging private business that has 50 or fewer newer employees and has less than \$1 million in projected gross revenues.
 - F. Applicant must demonstrate that the proposed or existing business is viable and that the business will have the economic ability to repay the loan. The debt ratio for the business cannot exceed 90% for the preceding 12-months for an existing business. For a new business, the business plan must reasonably demonstrate that the debt ratio will not exceed 90% for the 12-month period following commencement of business operations. If monthly payments on a debt have been deferred until after the final payment on the loan being applied for under this program, such deferred payments will not be considered when calculating the debt ratio.
 - G. Applicant is required to have personal funds and/or other business-related assets worth at least 10% of the loan amount that is being requested.

- H. Applicant shall not have an existing account in arrears with the Department or any other lender.
 - I. Bankruptcy shall affect the applicant's eligibility as follows.
 - (1) An applicant, who previously received a discharge in bankruptcy of a debt owed to the Tribe, **is not eligible** for a loan **unless** the person has cured that bankruptcy discharge with the Tribe.
 - (2) An applicant, who had non-tribal debts discharged through Chapter 7 bankruptcy, shall not be eligible to be considered for a loan from the Tribe for a period of three (3) years following the date of discharge.
 - (3) An applicant, who has filed for Chapter 11, Chapter 12, or Chapter 13 bankruptcy and is currently under a repayment plan, shall not be eligible to be considered for a loan until either the applicant has fully complied with the repayment plan for two (2) years or at least one (1) year has passed from the date of successful completion of the repayment plan.
 - (4) If a Chapter 11, Chapter 12, or Chapter 13 bankruptcy repayment plan is not completed or is converted to a Chapter 7 bankruptcy, the applicant is not eligible to be considered for a loan until three (3) years have passed from the date of discharge or the date of withdrawal from the bankruptcy proceeding.
 - J. Applicant must demonstrate the ability to repay the loan. Notwithstanding any other provision of these policies, the Tribe shall not approve a loan unless it has made a reasonable determination that the applicant will repay the loan.
 - K. Applicants are eligible for a maximum tribal business loan of up to \$150,000 and can only have one tribal business loan at a time.
3. CREDIT BUREAU REPORT. A credit bureau report will be obtained on the applicant, the business and, if applicable, the applicant's spouse and other principals.
4. ELIGIBLE LOAN PURPOSES. Loan funds are available to eligible applicants for the following business activities:
- A. The acquisition of land, buildings, fixtures, and equipment used to conduct business.
 - B. Site preparation and construction or reconstruction of buildings or installation of fixtures and equipment for the business.
 - C. Clearance, demolition, or the removal of structures or the rehabilitation of buildings and other such improvements for the business.
 - D. Start-up working capital for inventory and direct labor costs for the business.
 - E. Refinancing of existing business loans with other lenders, exclusive of interest, that were used for above eligible activities when done as a part of business expansion activities funded through a tribal loan.
 - F. Reasonable fees and charges for professional services, such as feasibility and marketing studies, accounting, and other similar services, if such services are provided by licensed individuals.
 - G. Construction work paid for with loan proceeds must be completed within twelve (12) months and loan proceeds shall be disbursed in accordance with such procedures as the Tribe may require.

5. INELIGIBLE LOAN PURPOSES. Loan funds will not be utilized for the following:

- A. The acquisition of land, buildings, fixtures, and equipment that is not essential to the business operation.
- B. Residential building construction or reconstruction unless such reconstruction is intended to convert the building for use with a business.
- C. Routine maintenance.
- D. Refinancing of existing loans with the Stockbridge-Munsee Community and/or the Department.
- E. Funding a part of a project that is dependent on other funding, unless there is a firm commitment of the other funding to ensure the completion of the project.
- F. Any other activity that is not specifically included as an eligible activity may not be paid through a tribal business loan.

III-D. LOAN PROCESS

1. APPLICATION.

- A. Applicants shall submit the following information to the Department in order to be considered for a business loan.
 - (1) Completed loan application, which is available from the Department, and the application fee (see, Costs and Fees section). A copy of the model application is included in the Appendix to this policy.
 - (2) If the business is a separate legal entity (like a corporation, association, partnership, or limited liability company), the business must also complete an application as a co-applicant.
 - (3) If the business is a new business (1-year or less), each owner and/or principal must complete a loan application.
 - (4) If the business is a sole proprietorship, the applicant's spouse must also complete an application.
 - (5) A Business Plan, which shall be written in accordance with Attachment 1 (the Business Plan Guidelines).
 - (6) Evidence of ownership of the business and how it is held.
 - (7) Evidence that the applicant has all required personal funds and/or assets.
 - (8) Identification and evidence of ownership of collateral that will be used to secure at least 125% of the value of the loan.
 - (9) Completed forms and information required by the Tribe and/or USDA, including the "Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transactions" (Form AD-1047) and the "Request for Environmental Information" (Form RD 1940-20).
 - (10) If real property is being purchased with the loan proceeds, an appraisal by an appraiser approved by the Tribe.
 - (11) Additional information that the Loan Review Panel may deem necessary.
- B. Once the Department has received all required application materials and completed verification, the application will be forwarded to the Loan Review Panel for consideration within five (5) working days.

2. APPLICATION ASSISTANCE.

- A. The Department staff will explain the loan process and requirements to the prospective applicant, assist the applicant with completing the loan application, and process the loan application for review by the Loan Review Panel.
 - B. At the option of the applicant, the Business Development Department may assist the applicant to locate necessary educational components that may help the applicant be successful. The Business Development Department is also available to provide technical assistance to determine feasibility, provide follow-up to start-up businesses, and where necessary may guide the loan applicant to other more appropriate technical and financial resources when the needs are beyond those available from the Department. It must be understood that the Business Development Department does not write business plans for the applicant. However, guidance may be provided as requested.
3. LOAN REVIEW PANEL.
- A. A Loan Review Panel shall review business loan applications. Each application requires Panel review to assure the integrity of the loan process.
 - B. The Panel shall consider all relevant factors, including the viability of the business, the business plan, the creditworthiness of the applicant and principals, and whether the proposal is consistent with the loan program's goal of increasing economic development, in deciding whether the applicant should receive a loan.
 - C. The Panel shall have access to all documents pertaining to the application. The Panel may consult with other resources as necessary to assess the application.
 - D. The Panel shall review all loan documentation for compliance with Tribal Council approved loan policies and procedures. If the Panel determines non-compliance with policies and procedures, the loan will be denied until the non-compliance is remedied.
 - E. Collateral identified as security for the loan shall be reviewed for adequacy by the Loan Review Panel.
 - F. The Loan Review Panel shall make a determination on whether the loan application is approved, conditionally approved, or denied within fifteen (15) working days of receiving the application and all requested supporting materials.
 - G. The Loan Review Panel will consist of at least three persons from the following representation: a staff person from the Tribe's Business Development department, the Tribe's Executive Director, the Tribe's Comptroller, the Tribe's Assistant Comptroller, a tribal member business owner, or the Tribe's Casino Controller. No participating member of the Panel may have a close personal relationship to the loan applicant that would make impartial consideration difficult. A panelist who recuses himself or herself shall not be present when the application is considered.
 - H. The Loan Review Panel shall meet as needed for review of loan applications.
4. PRIORITY. Applications will only begin the loan review process once a complete loan application, or complete application package if multiple applications are required, with all required documentation is received. Applications will then be processed in the order that they were received.
5. USDA REVIEW. Once the Loan Review Panel has approved the loan, but before the notification of the applicant, the loan application materials will be forwarded to USDA, Rural Development for their concurrence. (not applicable since December 2018)

- A. This concurrence is only required for the initial awards made with the funding provided by the USDA.
- B. The USDA review shall occur before an applicant is informed whether or not they are approved for a loan.
- C. If the loan is approved and is being funded through the REBG funds, the Tribe shall submit a request to USDA for the disbursement of funds (Form SF-270 shall be used).

6. NOTIFICATION OF APPROVAL DECISION.

- A. Applicants shall be notified in writing of whether or not they are approved for the loan by the Department within five (5) working days of the Department's receipt of Loan Review Panel's decision and, if applicable, the USDA's concurrence.
- B. If there are any conditions that the applicant needs to satisfy in order to receive the loan, the applicant will be notified of the conditions in the approval letter.
- C. If the loan is denied, the applicant will be notified of the reasons for the denial.
- D. Upon approval, the Loan Review Panel will set a date by which the loan must be closed. If both parties agree, the deadline for closing may be extended. If the loan closing does not occur by this date and the parties have not agreed to an extension, the loan approval shall be withdrawn and the applicant shall be required to submit a new loan application.
- E. The Department is not authorized to grant immediate approval of applications to meet an applicant's emergency needs.

7. LOAN CLOSING.

- A. The Department shall work with the Tribe's Legal Department to prepare the loan documents.
- B. The loan documents are as follows:
 - (1) the Promissory Note and Security Agreement;
 - (2) other security agreement(s) and mortgages, as applicable;
 - (3) a Guaranty(s), if required;
 - (4) a Borrowing Resolution or Borrowing Agreement, as applicable, if the business is a separate legal entity;
 - (5) a Marital Property Statement, if required;
 - (6) a Payroll Deduction Agreement, if applicable; and
 - (7) such other documents as the Department may require.
- C. The Department staff and the borrower(s) shall jointly review the loan documents.
- D. The borrower(s) shall sign the loan documents. A copy of the model Promissory Note and Security Agreement and the Guaranty used by the Department is included in the Appendix to this policy.
- E. Copies of the signed loan documents and the projected amortization schedule for the loan will be provided to the borrower. A copy of the marital property statement will also be provided to the borrower's spouse.
- F. Prior to closing, the borrower must provide the Department with evidence that all necessary permits, inspections, and licenses for the business and proposed activities were obtained.
- G. Prior to closing, the borrower must provide the Department with evidence of property insurance replacement coverage on the collateral used to secure the loan for at least the

value of the collateral. The insurance policy must list the Stockbridge-Munsee Community as a lien/mortgage holder and loss payee on the property.

- H. Following closing, the Department shall perfect all of the Tribe's security interest(s) for the loan.
- (1) As appropriate, the Tribe's security interest(s) shall be perfected by means such as filing UCC-1 financing statement(s) with the Wisconsin Department of Financial Institutions and/or mortgages and fixture filings with the applicable Register of Deeds.
 - (2) In addition, the Tribe shall obtain a security interest in the borrower's right to receive distributions from the Tribe's enterprises, such as a tribal per capita payment, by filing a UCC-1 financing statement.
 - (3) In the event the term of the loan exceeds five (5) years, the Department shall file renewal statement(s) as necessary.

8. DISBURSEMENT OF LOAN PROCEEDS.

- A. Borrowers shall provide the Department with evidence of approved expenditures before loan proceeds are disbursed to the borrower following the loan closing. Examples of satisfactory evidence include an invoice requiring a payment or documentation that fixed assets were installed or equipment was received.
- B. Disbursements for purchases will be made directly to the vendor following loan closing.

9. INSPECTIONS.

- A. Regular property inspections shall be done throughout the construction phase if the loan is being used for construction or renovation. All construction work on the Tribe's Reservation must be done in accordance with Tribal building codes and, in the absence of Tribal law, Wisconsin law must be followed. All construction work that is not done on the Reservation must be done in accordance with Wisconsin law.
- B. The Department or designee, in coordination with other appropriate personnel, shall do periodic site visits to inspect the business, including the collateral used to secure the loan. Such visits shall be done at least annually but may be more frequent during the initial part of the loan term.
- C. The Department, in coordination with appropriate personnel from the Tribe's administrative or finance departments, shall also do periodic reviews of the business's financial documents and tax returns. The Department, as appropriate, may require the borrower to prepare and submit a compilation or review of the business's financial documents and tax returns.

10. REPORTING.

- A. The borrower shall submit the following information to the Department annually.
 - (1) Written information on the number of jobs created by their business.
 - (2) Certificate of property insurance coverage on collateral used to secure the loan.
 - (3) Proof of payment for all tribal, federal, state, and local tax liabilities.
- B. The Department shall provide an annual interest statement and payment history to the borrower.

- C. The Tribe shall provide USDA with required reports on the use of loan funds, which may include information provided by borrowers, as required under the grant for loan funds that the Tribe received from USDA.

11. LOAN SATISFACTION.

- A. Within seven (7) days of receiving a borrower's final payment on a loan, the Department shall send the borrower a notice confirming that the loan has been paid in full.
- B. The Department shall also take other actions as appropriate to release the Tribe's security interest(s) in property, such as filing a UCC termination statement or a satisfaction of mortgage.

12. RECORDS AND FILES.

- A. The following records shall be maintained in a business loan file for each applicant and/or borrower.
 - (1) Loan Application. Completed loan application, business financial statements, personal financial statements, credit report, business plan documents, and other supporting loan information submitted. Documentation of all fees paid by borrower as part of the application process will also be maintained.
 - (2) Loan Review Panel Documentation. Recommended actions on the loan application and a copy of the Loan Review Panel's decision, including any documented reasons in support of the decision.
 - (3) Loan Closing Documents. Original of the Promissory Note and Security Agreement and original or copies, as appropriate, of other loan documents, as well as the projected amortization schedule.
 - (4) Insurance Coverage. A certificate of insurance verifying property insurance coverage on the collateral used to secure the loan and any required life insurance coverage.
 - (5) Tax Liability. If applicable, annual proof of payment for all tax liabilities.
 - (6) Annual Statement. A copy of the annual interest statement and payment history provided to the borrower.
 - (7) Correspondence. All letters sent by the borrower and copies of any letters sent by Department, including any default or other notices.
- B. The Department shall maintain all records and files in a secure fashion.
- C. The Department shall retain the records and files for the life of the loan and for a period of three (3) years after the final payment is received. At the end of this retention period, the Department may have the files destroyed in a manner that protects any confidential information and complies with applicable law.

III-E. TERMS AND CONDITIONS

1. LOAN AMOUNT AND PAYMENT TERM.

- A. The minimum credit extended on a business loan is Ten Thousand Dollars (\$10,000.00) with a maximum business loan of up to One Hundred Fifty Thousand Dollars (\$150,000.00).

- B. The term for the business loan will be a period between five (5) and fifteen (15) years. The borrower will work with the Department and the Loan Review Panel to set the term of the loan, which will be identified in the Loan Agreement.
- C. The Department shall not assess penalties for early payments.

2. PAYMENTS.

- A. Borrowers shall make monthly payments in accordance with the Loan Agreement. Payments shall be due on the first (1st) day of the month.
- B. Advances on tribal per capita payments will not be utilized as a form of payment.

3. INTEREST RATE.

- A. Business loans shall accrue interest at the fixed rate of 100 basis points (1.00%) above the current monthly applicable rate (AFR) for long-term investments (under the annual period for compounding) which can be found on the IRS federal web site.
- B. Interest will be calculated as of the first day of the month based on the unpaid principal balance as of the last day of the preceding month. Interest calculations will assume twelve (12) thirty-day months.
- C. The principal and interest will be fully amortized over the term of the loan.
- D. Interest will begin to accrue on the day the first loan check(s) are disbursed.

4. SECURITY.

- A. All loans shall be secured by collateral for at least 125% of the value of the loan.
- B. In most cases the collateral shall be what is being purchased with the loan, such as land, buildings, or equipment. Other collateral may be required to secure loans for working capital. Personal assets may be used as security.
- C. Guaranty(s) are required from all persons pledging assets or otherwise guaranteeing payment of the loan.
- D. The Tribe will take appropriate steps to perfect its interest in collateral securing the loan. The Tribe generally requires first priority liens on collateral; however, some second or “junior” liens may also be accepted, such as for a second mortgage against a residence.
- E. The borrower must maintain property insurance on assets used as collateral. Such insurance coverage must be for at least the value of the collateral and be maintained until the loan is paid in full. The insurance policy must list the Stockbridge-Munsee Community as a lien/mortgage holder on the property.
- F. In addition, the borrower must maintain “key” life insurance on the business owner and other key personnel for at least the value of the loan.

5. FORBEARANCE.

- A. When a borrower is unable to make the scheduled payments, the Department may allow the borrower to reduce the amount of the payments or to stop making payments for a limited period of time, as long as the borrower intends to repay the loan. This action is called forbearance. The Department is not required to grant forbearance.
- B. The borrower must submit a written request for forbearance to the Department Manager. The request must include the borrower’s name, address, reason for request, and the term of the requested forbearance, which will be between one (1) and six (6) months.

- C. Upon receipt of the request, the Loan Review Panel will verify that the borrower's request is true, accurate and make the determination of approval/denial. If approved, the borrower will be required to sign an agreement containing the terms of the forbearance. The forbearance agreement will identify whether the forbearance will have the effect of extending the final payment date by the time covered by the forbearance or whether the monthly payments will be increased when the forbearance period ends so that the final payment date is unchanged.
- D. The forbearance may be granted only if the borrower meets one or more of the following criteria:
 - (1) The borrower has encountered a natural disaster to real property that affects their ability to repay the debt.
 - (2) The borrower's business is affected by reasons of force majeure, such as acts of God, war, superseding governmental authority, civil strife, and labor disputes.
- E. The term of a forbearance agreement may not exceed six (6) months.
- F. During the period of forbearance, interest continues to accrue, and the borrower is permitted to delay or temporarily reduce the monthly payment.

6. DEATH.

- A. In the event of death of borrower, the Department Manager will attempt to collect the monies due from the borrower's estate.
- B. Loans are not transferable and cannot be automatically assumed by another party upon the death of the borrower. All borrowers must apply and be approved for a loan through the Tribe's normal loan application process in order to be eligible to assume a loan following the death of a borrower.
- C. If the amount due exceeds the property disposal value and further collection is not possible from the borrower's estate, the Department will make a recommendation to the Tribal Council on how to proceed.

7. DEFAULT.

- A. A borrower defaults on his or her loan when the borrower violates any term of the loan documents or these policies.
- B. A borrower is in default on his or her payments when the borrower has failed to make a payment in full within forty (40) days of its scheduled or deferred due date or when the borrower has outstanding an amount exceeding two (2) full payments which has remained unpaid for more than ten (10) days after the scheduled or deferred due date.
- C. In the event of a default, the Department will send the borrower written notice identifying the default and providing the borrower with an opportunity to cure the default.
 - (1) The notice will be sent by US Mail by the use of certified mail with the use of a return mail receipt requested to the last address reported to the Department by the borrower.
 - (2) The notice shall contain the name, address and telephone number for the Department, a brief identification of the loan and the default, a clear statement of the total payment (including an itemization of any delinquency charges) or other performance necessary to cure the default, and the exact date by which the amount must be paid.

- D. If the borrower fails to make satisfactory payment and/or payment arrangements on their default loan account within fifteen (15) days of the notice, the Department will contact the tribal Legal Department to bring a collection action in Stockbridge-Munsee Tribal Court. Possible collection action remedies include foreclosure and liquidation of the collateral, attaching the borrower's tribal per capita payments, and having the borrower's wages garnished. The Tribe reserves the right, at its sole discretion, to bring an action in the court of another jurisdiction.
- E. In addition, the Tribe is also entitled to attach or seize any tribal per capita payment to the borrower in order to satisfy the outstanding arrears amount owed to the Tribe, in accordance with the Promissory Note and Security Agreement.
 - (1) In the event the Tribe exercises its rights to attach the per capita payment under this subsection, a borrower may file an action challenging the attachment in Stockbridge-Munsee Tribal Court in accordance with the Tribe's Financial Responsibility Ordinance.
 - (2) If the Tribal Court determines that the attachment was not appropriate, the borrower shall be entitled to reimbursement of the attached per capita payment.
- F. During any period of default and/or after a Stockbridge-Munsee Tribal Court judgment is granted, the borrower will be barred from obtaining any loans from the Tribe until the loan is satisfied.
- G. If the Tribe obtained a Tribal Court judgment against the borrower for default on the loan, then the borrower shall be ineligible to obtain another business loan from the Tribe for a period of three (3) years from the date loan was paid in full.

III-F. COSTS AND FEES

- 1. **APPLICATION FEE.** Applicants are required to pay a non-refundable \$50.00 application fee to cover processing costs when the application is submitted. Applications are not considered complete until this fee is paid.
- 2. **ADMINISTRATIVE FEES.** Reasonable administrative fees, in addition to the application fee, will also be collected to cover costs for credit reports, filing fees, legal transactions, appraisals, or any such added costs that may be realized. Any such fees will be equal to the costs incurred by the Tribe. These costs may be considered part of the loan, provided that they do not increase the loan amount beyond the approved amount of the loan. Applicants are required to reimburse the Tribe for excessive costs incurred as part of the application process even if the application is not successful.
- 3. **COLLECTION COSTS AND FEES.**
 - A. **Late Payment Fee.** The Department will collect a late fee of \$15.00, if borrower fails to make any part of an installment payment within ten (10) days after it becomes due. If 10th day falls on a weekend or holiday, receipt date is next business day and a late fee will be assessed.
 - B. **Worthless Check Fee.** The Department will collect a worthless check fee, equal to charges incurred when the check is rejected for payment, if borrower issues a check for payment that is not honored by the financial institution for any reason.

- C. Default Costs. The Department will collect reasonable collection fees and costs, which include court costs and attorney fees, if a loan account is processed for collection.

III-G. NONDISCRIMINATION

1. In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs).
2. To file a complaint of discrimination, write to USDA, Director of the Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Ave. SW, Washington, DC 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

ATTACHMENT 1: BUSINESS PLAN GUIDELINES

The following elements must all be addressed in the business plan submitted with the application for a Business Loan from the Stockbridge-Munsee Community.

- I. Title Page or cover - include owner(s) name(s), name of the business, and the business address, telephone number, fax number, and email address.
- II. Executive Summary - Generally written last, this section summarizes your entire business. It should grab the reader's attention and make them want to know more about your plan. This section should be short and highlight the main points of your plan. Further details will be explained in other sections of the plan.
- III. Industry Overview - Provide background and current status of the industry. Describe trends in the industry and include future projections. Your overview should be as accurate as possible in describing the health of the industry and should include both the positive and negative aspects.
- IV. Description of Business - Begin with a one or two sentence mission statement that explains the purpose of your business and to whom you are targeting your product or service. Give a brief history and include information on the legal structure, the type of business whether retail, service etc., who are the customers, what product or service are offered and list the owners and location of the facility or operation. Go into detail on your product or service, how your customer's needs will be satisfied and how you differ from your competition. Don't just say your business "is better"; you want to convince the reader that it is better by explaining how it is better.
- V. The Market - This section convinces the reader that you have enough customers, despite competition, to gain sales. Be careful to not inflate the numbers. Identify your potential customers, the market size and trends, who your competitors are and what your estimated market share and sales will be. Be specific in describing your customers. Create a profile on where they live, which age groups they are in, which gender will buy, what is their average income, does your product appeal to a specific ethnic group. Know the demographics and trends in your identified area for sales, including the most current median household income for the location from US Census data. Know who your competitors are and as much as possible who they provide the product or service to. Include how you might capture their sales. Include discussion on your overall marketing strategy, pricing, sales tactics, advertising and promotions.
- VI. Management and Personnel - Describe the responsibilities and expertise of each person in your management positions. Identify the number of new jobs that will be created and/or number of jobs saved. Include methods that will be used to recruit and hire. Provide some information on ownership and who will be doing the decision-making. Discuss your labor requirements and provide details on the number of people required and what skills they must possess. Provide resumes, references, etc.
- VII. Financial Plan - Include capital and equipment needs and start up costs. A projected income statement and cash flow should be included and should cover at minimum a three-year period, based on assumption that loan request will be approved. It is important to be realistic with costs and conservative in your income estimates. If an existing business,

include tax returns and financial statements for past 3 years: balance sheets, profit/loss, cash flow, any audits. Also include any financial commitment from private or other lenders.

- VIII. Schedule/Time Table - It will be helpful to the reader to know the timeline for construction, equipment installation and your targeted opening.
- IX. Key Business Associates – Identify the key persons associated with the business, and include the number of years of experience they possess and educational backgrounds.