

AMERICAN INDIAN BUSINESS LEADERS



www.aibl.org

Revolving Loan Program

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“AIBL supports and promotes the education and development of future American Indian business leaders”

**American Indian Business Leaders
Gallagher Business Building, Suite 366
Missoula, MT 59812**

**Toll Free: 1-877-245-AIBL (2425)
Fax: 406-243-2086**

LENDING POLICIES & PROCEDURES

I. OBJECTIVE:

AIBL has established a small revolving loan fund that can be readily accessed by the AIBL student chapters and/or members (High School, Tribal College and University) to facilitate the development of chapter small business operations. This is not a grant program. The money given out is considered a loan, with a set amount of interest to be paid back in addition to the loan amount, and a set payback period.

II. BENEFITS:

AIBL's Revolving Loan Program will provide the following benefits to our student membership:

- a. It will provide AIBL's Chapters and/or members with a financial avenue to secure the necessary funds to create and establish a small, chapter or individual member owned and operated business;
- b. It will provide students with a "real world" perspective and experience in applying for and participating in a small business loan program;
- c. It will provide a much more secure learning environment than if the students' were to attempt to secure financial lending from a real lending institution, in that the interest rate is lower and it can be a group, team oriented project;
- d. If submitting as a group, students' will actively participate in teambuilding activities, while also developing skills in the areas of writing a business plan; marketing; financial planning/management and overall experience of operating a small business and;
- e. The student's will have internal direction from their chapter advisor and The National AIBL staff that will aid in facilitating the success of each business venture.

III. CRITERIA:

- a. Must be a recognized AIBL student chapter and/or individual member, with an assigned advisor;
- b. Can apply for a loan up to, but not to exceed, \$1,500 at college/university level and \$1,000 at the high school level (**higher amounts will be considered on a case by case basis**);

- c. Must submit complete Application Package with all necessary forms and attachments;
- d. Must submit a business plan; referencing specific and attainable marketing goals; a revenue profit schedule (i.e., goal of \$300 profit by end of first academic quarter or three month period, on such and such date); a reasonable payback schedule (i.e., goal of paying back \$530 of a \$1,000 loan by the end of six months); and identify overall measurable goals and outcomes;
- e. Advisor must sign affidavit, to be attached to the business plan, ensuring that he/she/they will oversee the management and implementation of the business plan; and
- f. Must provide a tri-monthly (every three months) progress and financial report to the National AIBL Office.

IV. INTEREST RATE:

The interest rate will be calculated on a six percent (6%) interest rate for a nine month period. For example, if a chapter borrows \$1,000, they will be required to pay back the full \$1,000 plus an additional six percent or \$60 for a total pay back amount of \$1,060.

V. MATCHING FUNDS:

AIBL's revolving loan program will encourage its chapters and/or members to secure matching funds. Those that DO secure matching funds will be favored in the loan selection process, all other things being equal.

VI. PAYBACK PERIOD:

The National Office will require the participating chapters to include a schedule for periodic paybacks, instead of a one lump-sum payback at the end of the loan period. The amount and time schedule of the payback will be determined on a case by case basis. However, for consistency, chapters and/or individuals will be encouraged to pay back the loan in three installments due at the same time they submit their tri-monthly reports.

VII. DEFAULT PROCEDURES:

- a. Repayment of loans shall be made according to the terms, conditions, and policies outlined in the Revolving Loan Fund Application Package;
- b. No chapter or individual member who has defaulted on any AIBL business loan may apply for new or additional loan funds until they are paid in full on all prior loans to AIBL;

- c. When a loan payment has not been received in accordance to the terms of the loan agreement, a Reminder Notice shall be sent to the borrower immediately. If a loan repayment is not received within one (1) week of mailing or delivering the Reminder Notice, the borrower shall be notified in letter of the delinquency. After thirty (30) days of delinquency, a certified letter shall be sent giving five (5) working days to contact the AIBL Office and make arrangements for payment and it will subsequently be turned over to The National AIBL loan committee for further action;
- d. In the event that a loan has been delinquent for two months, sixty (60) days or more, the supporting Chapter Advisor shall be required to submit a Reason(s) Statement to the National AIBL Office loan committee. Upon receipt of the Reason(s) Statement, a hearing with the chapter members and the supporting advisor will be held with the AIBL loan committee via teleconference call in an attempt to resolve the delinquency. AIBL's loan committee shall make a written determination of their conclusions from the hearing;
- e. If all efforts fail to resolve a delinquency, the defaulting chapter shall be required to contribute to the AIBL program via another method to make up for the delinquency.

VII. SUPPORT MATERIALS:

- a. To facilitate this overall process, AIBL has created support materials to assist the chapter and/or individual members with small business ideas and how to structure their business plans for consistency. AIBL has published two guides that will be used to help facilitate the success of this revolving loan program (both enclosed).
- b. The first handbook is *AIBL's Small Business Idea Guide*. Many of the business ideas in this guide provide our student chapters with ideas that require little or no start-up costs or heavy investment, other than time, effort, and a strong desire to succeed.
- c. The second handbook that the AIBL Chapters will be required to use as a guide in developing their business plans is *AIBL's Tribal Business Plan Competition Guidelines*.

VI. EVALUATION METHOD:

Student Chapters or individual members, who receive loans, will be required to submit a tri-monthly progress and financial report, every three months. The National Office staff will review the progress reports and evaluate each business based on its goals and objectives set forth in each respective business plan. If a chapter is not meeting its business goals and objectives, the National Office will provide suggestions for improvement or modification to improve the success of the business. Upon their last scheduled payment and tri-monthly report, the chapter will be asked to evaluate the success of the revolving loan program by answering relevant questions on an evaluation form developed by The National office staff.

**AIBL REVOLVING LOAN FUND
APPLICATION PACKAGE
CHECKLIST**

- _____ Completed and signed application.
- _____ Copy of Letter of Recognition as official AIBL chapter member.
- _____ Business Plan following the Business Plan Outline provided in the application.
- _____ Cash Flow Statements – One year, with loan payment amount included.
- _____ Completed Project Cost Information Worksheet.
- _____ Signed Loan Agreement.
- _____ Signed and notarized Promissory Note.
- _____ Signed AIBL Advisor Acknowledgement and Support Document.

**AIBL REVOLVING LOAN FUND
APPLICATION**

Date _____ Received _____ Approved _____

SECTION A: PERSONAL DATA (List all Chapter Members or Individual Member – *please make copies of this page for any additional names*)

Name _____
Chapter Name _____
School Address _____
City, State, Zip _____
Phone _____
Email _____

Permanent Address _____
City, State, Zip _____
Phone _____
Email _____

Social Security Number _____
Male/Female _____
Year In School _____ Major _____

SECTION B: AIBL ADVISOR INFORMATION

Name _____
Chapter Name _____
School Address _____
City, State, Zip _____
Phone _____
Email _____

Number of Years/Months as AIBL Chapter Advisor: _____

SECTION C: CREDIT REFERENCES (Must list at least three – can be past creditors; faculty; etc.)

List Name, Address, City, State, Telephone Number

1. _____

2. _____

3. _____

Are there any unsatisfied judgments against your chapter/you? ____ Yes ____ No

If Yes, to whom? _____ Amount _____

Please list any other financial obligations held by your chapter (i.e., other small Business loans, etc.)

SECTION D: PURPOSE OF THE LOAN

Please describe the amount of funds needed, giving a brief description of the project and use of the funds (use additional space if necessary, no longer than one typed page):

Have you received or do you anticipate receiving matching funds for this project (i.e., in the form of a loan or grant award)? _____ Yes _____ No

If so, from whom? (List name and address)

_____ In what amount \$ _____

_____ In what amount \$ _____

_____ In what amount \$ _____

Have you been denied a loan or other financing for this project? _____ Yes _____ No

If so, from whom and for what reason?

_____ In what amount \$ _____

_____ In what amount \$ _____

_____ In what amount \$ _____

Designate what you can offer as collateral or security if you receive this loan (*Please note this is NOT a requirement to obtain a loan*).

SECTION E: ATTACHMENTS

Please attach the following information with this application:

1. Business Plan
2. Past Financial Statements & Cash Flow Statements (if applicable)
3. Past tax records (if applicable)
4. Official Letter of AIBL Chapter Recognition or Individual Membership Form
5. Notarized Promissory Note
6. Project Cost Information Worksheet
7. Policy Statement
8. AIBL Advisor Acknowledgement Support Document

SECTION F: SIGNATURES

“Everything we have stated in this application is correct to the best of our knowledge. I understand that you will retain this application whether or not it is approved. You are authorized to check our references and credit history and to answer questions regarding your loan experience with our chapter.”

AIBL Chapter President/Official Representative Date
(If Chapter Operation)

AIBL Chapter Individual Member Date
(If Individual Member Operation)

AIBL Chapter Advisor Date
(Required whether Chapter or Individual Operation)

**PROJECT COST INFORMATION
WORKSHEET**

For the initial application, the borrower should be able to provide the following project information.

TOTAL PROJECT COST \$ _____

Amount of Financing Required \$ _____

National AIBL Program \$ _____

Other \$ _____

USE OF PROCEEDS

Inventory (type _____) \$ _____

Acquisition of Equipment \$ _____

Construction/Renovation \$ _____

Furniture/Fixtures \$ _____

Working Capital \$ _____

TERM DESIRED _____ **Years/Months**

PROMISSORY NOTE

{ \$ _____ }
_____ 200_____

FOR THE VALUE RECEIVED, the undersigned _____ (the "BORROWER"), hereby promises to pay to the order of The National AIBL Program, a non-profit organization, Gallagher Business Building, Suite 366, Missoula, Montana 59812, (the "LENDER"), the principal amount \$ _____ in _____ installments on _____ for principle payments. Interest shall accrue at the rate of six (6%) percent on total amount of the loan and shall be payable on the same installment period as the principle amount until all payments of principal and interest required hereunder have been made. The total amount of principle and interest is to be paid in full by _____ month _____ day _____ year.

The Borrower shall have the right to prepay the principal and interest of this Note, in whole or in part, at anytime or times, without penalty.

Payments shall be made in U.S. currency at the address of the Lender set forth below:

National American Indian Business Leaders, Gallagher Business Building, Suite 366
Missoula, Montana 59812

The Borrower and all endorsers and guarantors hereby waive presentment, demand for payment, notice of dishonor or default, protest, notice of protest and all other demands and notices in connection with the delivery, acceptance, performance, default, enforcement and endorsement or guarantee of this Note.

The Borrower hereby promises to pay on demand all legal fees and other costs and expenses paid or incurred by the holder hereof in enforcing or collecting this Note. In the event that **the Borrower** is in default on any payments required hereunder or devolves or terminates their business or sells substantially all the assets of the business, the entire principal balance hereof and all accrued and unpaid interest hereunder shall become immediately due and payable at the option of the Lender or any other holder thereof, without presentment, demand, protest, or notice. Such acceleration shall not effect any other rights which the Lender or any such holder may have at law, in equity or otherwise.

This Note may not be changed or terminated orally. IN WITNESS WHEREOF, the undersigned has executed this Note this _____ day of _____, 200_____.

(BORROWER)

On this, the _____ day of _____, 200____, before me, the undersigned officer, personally appeared _____, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same for the purposes therein contained. IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

(SEAL) Notary Public, State
of _____
My commission Expires _____

**AIBL ADVISOR
ACKNOWLEDGEMENT AND SUPPORT
DOCUMENT**

I, acting in capacity as the _____ AIBL Chapter Advisor,
consent to the following conditions for the purposes of the loan application for (business)

_____.

A. I have thoroughly reviewed the business plan for this loan and acknowledge and support the contents and financial projections contained within;

B. I agree to act as the primary contact liaison between The National AIBL Program and the _____ AIBL Chapter or individual member to ensure consistency and accountability;

C. I agree to monitor the progress of the AIBL Chapter members or individual member throughout this business venture and provide guidance as needed to ensure they maintain their timeline commitment;

D. Monitor the AIBL Chapter members' or individual members' principal/interest loan payments scheduled to help facilitate a timely payback in accordance with their stated payment schedule;

E. I will notify The National AIBL Program of any changes, modifications, or extraordinary circumstances that positively or negatively impact the loan payback period and;

F. I agree to monitor the AIBL Chapter members' or individual members' tri-monthly report schedule to help ensure their reports are submitted in accordance with this schedule to the National AIBL Office;

I acknowledge that I have thoroughly read, agree with, and have received a copy of the above conditions.

AIBL Chapter Advisor
(Required whether Chapter or Individual Operation)

Date