



Dine Community Development Corporation

Revolving Loan Fund Program

Funded: USDA Rural Business
Enterprise Grant & DCDC



Developed on July 07th, 2021

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Diné Community Development Corporation, Inc.

March 05, 2021

Dear DCDC Revolving Loan Fund Participant:

Congratulations! You have started on the most exciting business venture. Diné Community Development Corporation (DCDC) know that owning and operating your own business has been a dream and can lead to self-sufficiency for you and your family. DCDC is pleased that you are considering applying for our DCDC Revolving Loan Fund (RLF) Program to be a part of the fulfillment of that dream.

The DCDC RLF Program's guidelines is provided to help expediate the way to become a participant in the DCDC RLF Program's entrepreneurship workshops and leading process. Please download or request for a copy of our DCDC Revolving Loan Fund Program guideline and application; or if you have any questions, please contact myself or Ms. LaVerne Begay-Todachine, DCDC/Project Director at (928) 755-5913.

You will be able to download our guidelines and application online at www.DineCDC.org/RLF or call us at (928) 755-5913 or via info@DineCDC.org. DCDC staff and the DCDC Loan Review Committee members look forward to working with you as you develop your small business venture. DCDC wishes you every success as you start this new phase of your entrepreneurial journey.

Sincerely,

Diné Community Development Corporation

Mr. Lorenzo J. Begay, Executive Director

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I. Overview of Diné Community Development Corporation's Revolving Loan Fund Program (DCDCRLFP)

Diné Community Development Corporation's Revolving Loan Fund Program (DCDCRLFP) was founded in 2021 as a low interest revolving fund program based on the Navajo Nation to assist Navajo and Native American entrepreneurs and agripreneurs who may not have access to traditional funding and would not otherwise be able to borrow small business funding.

The DCDC Revolving Loan Fund (DCDCRLFP) is a non-profit, community development fund that provides loans and technical support to Navajo and Native American-owned for-profit enterprises for the purpose of expansion, re-location, or start-up. DCDC's loan program is mission-based and will assist Diné small business owners residing on the Navajo Nation within Apache County to start or expand a for-profit business and non-profit organization of five (5) employees or less.

DCDC's mission statement is to provide leadership, program and resources development that enhance and vitalized our rural surrounding communities such as Navajo, Native Americans and other underserved populations. DCDC's program goal is to develop and provide services for commercial development; business development; cooperative development; agribusiness development; education and training development; community development; youth development; housing development that will benefit underserved population within the Navajo Nation and other Native communities. DCDC is seeking to improve the quality of life on the Navajo Nation by contributing to the long-term improvement in the economy, including employment creation and retention, diversification of the economy, improving the education and skills of the rural tribal workforce.

DCDCRLFP encourages the growth of small business through training, business and financial technical assistance and access to finance and credit. The pre-requisite small business and financial literacy trainings will prepare Native entrepreneurs in all aspects of owning and operating a small or home-based business on the reservation. By completing the required training programs (NxLevel Entrepreneurship, ONABEN's Indianpreneurship™ & Oweesta's Financial Literacy) or equivalent workshops, the entrepreneur(s) are eligible to apply. DCDC will provide financial and business technical assistance through the unique peer lending process of "funding circles". The goal of DCDCRLFP is assisting entrepreneurs develop their business plans, manage their business ventures, and become an active member of the Navajo Nation's business environment.

II. DCDCRLFP Participants

DCDCRLFP was designed to assist those who want to start or expand a small or home-based business but have been unable to do so because of a lack of business knowledge or the inability to access loans from traditional sources of credit.

DCDCRLFP's selection process used by DCDC will produce participants who are genuinely committed to starting and operating a small or home-based business. The training and technical assistance phases requires considerable personal commitment. In addition to providing essential business information, the time and work involved are designed to give you an idea of the energy required to run a successful business venture.

A. **Becoming a Participant**

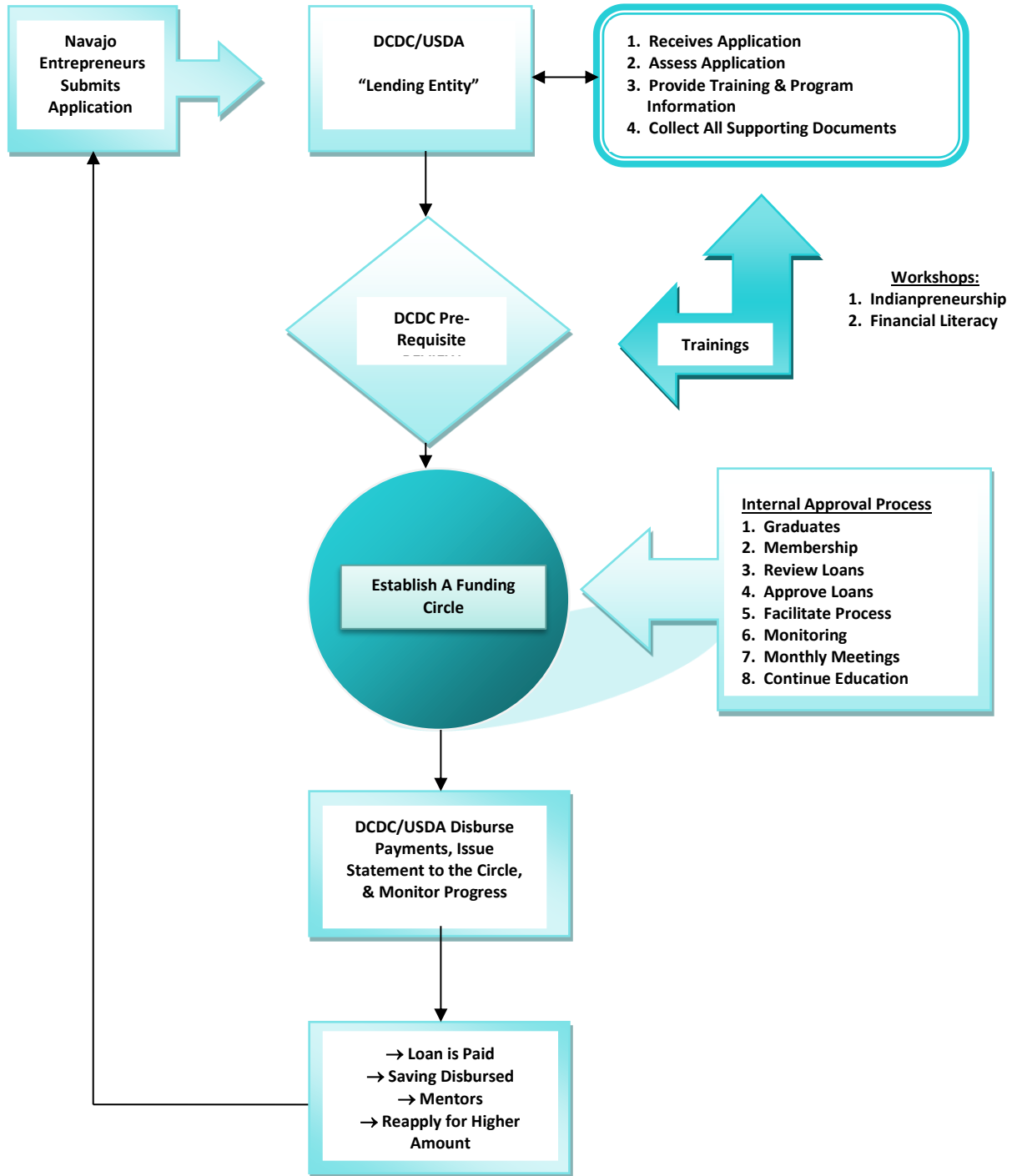
As a participant, you must be willing to commit approximately two (2) years to the process of developing your business and be a registered voter of the Navajo Nation and/or reside within Apache County. This includes attendance at all workshops, completion of homework, and regular monthly technical assistance meetings with the borrowers.

To begin the program, you must attend a DCDCRLFP orientation session, complete an application and return it to the DCDC Administration Office. Applications are available only at orientation meetings and at www.DineCDC.org/Contact. Completed applications are then reviewed by DCDC for acceptance into the program based on the eligibility guidelines discussed during the orientation. You will be requested to go to www.annualcreditreport.com and print your credit report with your application.

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

Chart 1: Flow Chart of DCDC Revolving Loan Fund Program



The next step is to enroll in and complete two (2) formal trainings (ONABEN's Indianpreneurship™'s Small Business Planning and Oweesta's Financial Literacy Workshops). After completing the Indianpreneurship™ Business Plan & Financial Literacy Workshops and completion and review of your business plan by DCDC, you are eligible to participate in DCDCRLFP. DCDC will provide monthly borrower's meetings or workshops where you will spend a minimum of five (5) hours a month continuing to learn online, Zoom webinars, or scheduled consulting sessions or workshops on how to manage a business, receive assistance with filing out your loan application, take out a loan and begin the repayment process.

B. PROGRAM ORIENTATION

As a potential participant, you will attend a program orientation for approximately two (2) hours. DCDCRLFP orientation activities include an overview of the program, distribution of the program application, directions for completing and submitting the program application, and a question-and-answer session.

III. Onaben's Indianpreneurship™ and Oweeta's Financial Literacy Training Program

The DCDC Revolving Loan Fund Program (DCDCRLFP) training programs may last up to five (5) weeks or via Zoom webinar self-paced sessions. There are two workshops: Indianpreneurship™ Starting your Business Workshop that includes the Financial Literacy curriculum. The pre-requisite workshops are waived if you have attended the NxLevel™ Indianpreneurship™ and/or Financial Literacy workshops and can submit a valid certificate issued by the instructor(s). By the end of the training, you will have written your business plan.

A. ONABEN'S INDIANPRENEURSHIP™ A Native American Journey into Business

The Indianpreneurship™ small business workshops will meet for three (3) hours once a week for five (5) weeks or you have the option of completing the workshop online. The curriculum was inspired, written, and edited by Native business owners, instructors, and small business experts. Indianpreneurship™ is a unique business course that represents the challenges, experiences, and opportunities for Native American entrepreneurs. The five (5) week course will offer the following:

- ✦ Case studies relevant to Native American business experiences offer situations and solutions in which students can relate.
- ✦ Coursework provides a guided look at practical business planning concepts for real-world applications.
- ✦ Includes helpful easy-to-understand worksheets.
- ✦ Provides a completed business plan on completion.



- ✦ Presents thorough information on promoting, marketing, and financing a Native-owned business.
- ✦ Encourages a network of support from the instructor, other students, and the community.

The curriculum is for those who are not yet in business, but want to be, as well as for those who have been operating their current business less than six (6) months. You will explore your expectations of self-employment, the type of business you want to start, the need for the business in your target area, the number of similar business in the area, licensing requirements and similar topics.

The final outcome of this training is a complete business plan written by you for your business. You will develop a monthly and yearly personal financial record, explore time management, learn business record keeping and bookkeeping procedures, inventory control, marketing, sales strategies, forms of business ownership, personnel management, insurance, use of banking services and related topics to Navajo owned home-based small business.

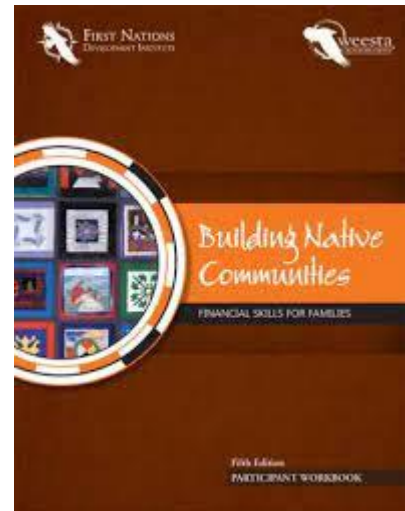
B. OWEESTA'S FINANCIAL LITERACY WORKSHOP

The Financial Literacy Workshop will be conducted concurrently with the Indianpreneurship™ course. The Financial Literacy Skills for Family curriculum was developed by First Nations Development Institute for Native communities. The purpose of the workshop is to enable community members to realize their traditional values by learning financial skills that will help each person make informed financial decisions for themselves, their families, and their community.

Navajo entrepreneurs have always managed their resources wisely, whether it was weaving a rug, harvesting corn, or herding sheep. This curriculum is designed to help Native communities and their members adapt their traditional skills to the wise management of financial resources. As you work through your participant guide, you will learn about:

- ✦ Session 1: Building a Healthy Economy;
- ✦ Session 2: Developing a Spending Plan;
- ✦ Session 3: Working with Checking and Fund Accounts;
- ✦ Session 4: Understanding Credit and your Credit Report; and
- ✦ Session 5: Accessing Credit.

This workshop will help you make informed financial decisions and feel in control of your personal and family finances. Using these skills, you can actually save money that you might have lost because of poor planning or insufficient information about financial management. Information on credit will better prepare you when it is time to apply for a credit card or a loan.



Finally, the materials will illustrate how your everyday decisions and actions can help to support the economy of your local community.

Over time, personal financial literacy skills will help you to achieve the goals that are most important to you, your family and community. This will enable you to build self-reliant, economically healthy communities now and for future generations.

C. THE INSTRUCTORS

The workshops are taught by instructors from DCDC that attended the “train the trainer” Indianpreneurship and Financial Literacy workshops. In addition, if no workshop or instructors are available the entrepreneurs can attend equivalent small business and financial workshops from the Gallup/Northern Pioneer Small Business Development Centers (SBDC), Navajo Tech Innovation Center (NTIC), and/or Navajo Regional Business Development Offices (RBDO).

D. WORKSHOP FEES

The fee for the Indianpreneurship™ Small Business Workshop is \$25 per person. The fee for the Financial Literacy Plan Workshop is \$25 per person. These charges cover part of the cost of materials, printing, and supplies. A payment plan is available in hardship situations. Fees are refundable, minus a \$5 processing fee, only if you do not attend any classes. Payments must be made by debit cards or money order payable to DCDC. *No personal checks will be accepted.*

E. WORKSHOP RULES

Each class is limited to five (5) students so that each person may receive adequate individual attention from the instructor(s). You are required to attend all class meetings. However, instructors may grant excused absences in emergency or critical cases. The absences are limited to one for the five-week course. If you miss class, you are expected to make up what was missed.

You must be on time to each class. If you are late by more than fifteen (15) minutes, you will be marked absent. Should you exceed the absence/tardy limits for either workshop, you will not graduate and therefore you cannot go on to the lending phase of the program.

Homework is assigned by the instructors to help you develop and write a realistic business plan. The areas covered are critical to a successful start-up or expansion of your business. Completion of homework each week is a requirement for graduation.

F. ADDITIONAL COUNSELING

Counseling is available to program participants at no additional charge. This one-on-one time is very helpful while developing your business plan. It is a time for you to discuss difficult homework assignments and special questions with an instructor or DCDC staff member.

IV. PARTICIPATION REQUIREMENTS

You must meet all the attendance and homework requirements and have a completed business plan by the end of the Indianpreneurship™ and Financial Literacy Workshop in order to graduate. To be eligible to participate in the DCDC Revolving Loan Fund Program, you must have completed the Indianpreneurship™ and Financial Literacy Workshops and DCDC must approve your business plan with your financial statements. Make sure you take advantage of the one-on-one counseling and ask questions. Do not wait until the last minute when it is too late to make changes.

The DCDCRLFP participants will meet with the instructors to review your business plan and class participation several times during the workshop. DCDC wants to assist you identify problem areas so your business plan will be completed by the end of the workshop. You may be asked to meet with a DCDCRLFP staff member to clarify areas of your business plan. You must submit your business plan to DCDC for approval before you can participate in the DCDCRLFP.

Everyone must complete the business training before becoming a borrower. Since other Navajo Nation programs or Small Business Development Centers (SBDC) may provide similar types of training, a person may be eligible to participate in the DCDCRLFP with proof of successful completion of training within the last twenty-four (24) months from a DCDC's approved training program that is similar to our approved small business curriculum.

V. APPLYING FOR AND RECEIVING A LOAN

There will be an orientation session that will be devoted to a loan application workshop. You will need to be prepared for this with personal and business information. Each member will receive a copy of all loan applications for review and questions. Participants are assisted in completing the loan application. A \$25.00 application fee shall be submitted with each application. Additional costs associated with processing the application (e.g., credit report fees, UCC and lien search fees, filing security documents, filing legal documents fees, etc.) shall be the responsibility of the applicant. DCDC Loan Review Committee (DCDCLRC) may waive or amend this fee structure without further approval from the grantor. DCDCRLFP 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 DCDC Loan Agreement between the DCDCRLFP and the loan recipient.

Once a completed loan application is filed, the DCDCLRC will meet to review the application. Applicants are required to meet with the DCDCLRC to discuss their application and present their business plans. Meetings are scheduled quarterly. Complete applications must be in the DCDC office ten (10) days prior to the scheduled loan review meeting in order to be considered at that quarter's loan review meeting. ***Applications are not considered complete until all required documentations are submitted.***

DCDC Loan Committee will make a recommendation to DCDC for loan approval based on the review of each business plan and loan application. DCDC's Executive Director will then make a final decision for loan approval, taking into consideration the loan committee's recommendation and the loan application.

A. APPLICATION PROCEDURES

Applications for the DCDC's Revolving Loan Fund Program (DCDCRLFP) funds will be accepted on a continual basis, dependent on funding ability. All applicants for the DCDCRLFP funding will be required to complete an application 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. A copy of the application which includes a list on supporting information is attached to this plan.

- 1) Applications will be accepted at the DCDC office during normal business hours or online at www.DineCDC.org/services/. DCDC is physically located at 8 Miles South of Burnside Junction N-15, Ganado, AZ, or mail to P.O. Box 2171, Chinle, AZ 86503.
- 2) Complete applications will be reviewed by the loan review committee. An application is not considered complete until all required documents has been submitted to the DCDC loan review committee member(s) as listed on the attached application.
- 3) There must be evidence presented by the applicant that indicates the DCDCRLFP loan is necessary to make the proposed project feasible.
- 4) DCDC Loan Review Committee may require written feasibility studies, business plans, market studies, etc. as appropriate for the business type.
- 5) DCDC Loan Review Committee will analyze each project and make a written recommendation to the DCDC Executive Director.
- 6) DCDC Loan Review Committee will normally review DCDCRLFP applications at their scheduled quarterly meetings. However, if needed DCDC Loan Review Committee may call a special meeting to review a loan application(s).
- 7) DCDC Executive Director shall have final authority to approve or deny DCDC Revolving Loan Funds loan requests, and to determine appropriate terms and conditions.
- 8) For approved loans, a loan agreement addressing all the terms and conditions, including monitoring procedures, repayments, delinquencies, defaults and remedies for that project will be prepared by the DCDCRLFP. In addition, the DCDCRLFP shall have prepared all notes, mortgages, security agreements, UCC filings and other legal documents necessary to close the loan.
- 9) Before DCDCRLFP funds can be disbursed to the loan recipient, all requirements and terms of the loan agreement must be met, and supplemental financing must already be contributed or verified ready to contribute to the project.

VI. THE LOANS

A. ADMINISTRATION OF THE REVOLVING LOAN FUND

Management of the DCDCRLF will be the DCDC Project Director in collaboration with the DCDC Loan Review Committee (DCDCLRC) members. DCDC Executive Director is hereby delegated the authority and responsibility to approve all loans made in accordance with these guidelines; and shall be responsible for administering and monitoring the loans made by his/her office to ensure that loans approved comply with these guidelines.

DCDC Executive Director will utilize the DCDC Loan Review Committee (DCDCLRC) to take responsibility for reviewing loan proposals, designating of an administrative body (DCDC Administration), and contracting bank (Great Western Bank) for the loan fund's portfolio management responsibilities. DCDCLRC members will be a combination of legal, private lending, business, community development, and local government professionals from the Navajo Nation.

B. DCDC LOAN REVIEW COMMITTEE (DCDCLRC)

DCDC Loan Review Committee serves on an appointment basis. DCDCLRC shall be comprised of no fewer than five (5) voting members plus the DCDC Project Director. DCDC Executive Director shall not have voting privileges.

Three (3) persons of the committee shall constitute a quorum necessary for approving or rejecting an application for funding from the DCDC Revolving Loan Fund Program (DCDCRLF). A simple majority (51%) of members voting shall be necessary for approval.

If a member of the DCDCRLF Loan Review Committee who may have a financial interest in the loan project being reviewed, he/she will abstain from the loan review/recommendation to the DCDC Executive Director. Members of the DCDCLRC will serve indefinite terms. However, the DCDC Executive Director has the right to replace members of the DCDCLRC in the event of resignation or other necessary circumstances.

The DCDCLRC members were chosen, in part, because of their experience with lending and/or microenterprise, economic and community development projects. A current and up to date roster of the members of the DCDCLFC will be attached to this Revolving Loan Fund guide as new members are appointed.

C. LOAN AMOUNTS

Loans to be made from the DCDCRLF and will not exceed the level of available funding in the DCDCRLF's bank account. Loans made from the DCDCRLF typically will not be less than \$500 and not to exceed \$10,000. The loan amounts may vary. For a new business, or an entrepreneur in business less than six (6) months, the first loan may be between \$500 and \$1,000 with up to six (6) months to repay. Loans for someone in business at least six (6) months and second loans for new business may be from \$1,000 to \$5,000 with up to twelve (12) months to repay. The next loan may be up to \$10,000 with up to twenty-four (24) months to repay. There

is no penalty for pre-payment; however, you must make at least six (6) months of payments before any loan can be pre-paid. DCDCLRC may recommend a higher amount for larger business projects on a case-by-case basis.

The interest rate will typically range from 3% to 5% and typically will not exceed prime rate by more than 5%. DCDCLRC will determine the rate on the day of loan closing based on the evaluation of the applicant's ability to repay and the necessity of below market financing to advance the project. Interest earned on any DCDCLFP loan must stay in the fund for use in making additional DCDCLFP loans. A request for additional funds must be accompanied by updated information on the business. The borrower must show evidence that the business is established with sales, including, but not limited to, financial and market information, customers, etc. before receiving additional loans. DCDC's Revolving Loan Fund Program retains final approval for all loans.

D. LOAN APPROVAL

Although completion of pre-requisite small business training is one of the conditions for getting a loan, it is not a guarantee. DCDC Loan Review Committee (DCDCLRC) members must attest to the character of the potential borrower. Business and personal financial information will be shared within the DCDCLRC during the loan process. *The members of the DCDCLRC may require an updated credit check before loan approval.* DCDCLRC members will make a recommendation for loan approval to the DCDC Executive Director for the DCDC Revolving Loan Program.

E. COLLATERAL

The collateral is the mutual trust within the DCDC Loan Review Committee (DCDCLRC) and your good faith. The assessment of good faith grows out of associations formed during the training and throughout the pre-loan application phase of the DCDCLFP process.

When a loan is made to an individual under DCDCLFP and that person purchases equipment for the business, that equipment becomes collateral for the loan. If equipment is purchased, a security agreement will be required.

Security shall consist of the best lien available on real estate, equipment, inventory, etc. The discounted value of the security (using typical lender discount rates) shall equal or exceed the value of the loan. DCDCLRC or DCDC's Executive Director may require personal guarantees and/or co-signors.

DCDC 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 DCDCLRC on a project-by-project basis. If the same collateral is used in joint financing, the DCDCLRC will seek a parity position with other lenders. Types of security may include:

- ✓ Mortgage Lien 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 DCDCRLFP as loss payee.

F. REVIEW CRITERIA

The basis for determining the eligibility/approvability, loan amount, interest rate, and terms and conditions of a revolving loan fund request, and general DCDCRLFP operational procedures, are as follows:

- 1) DCDC Loan Review Committee (DCDCLRC) and DCDC's Executive Director will consider the financial need of the project, the probability of success, the security offered, and the overall benefits of the project to rural areas, including the number of jobs to be created or retained, diversification of the economy, the extent of the upgrading of the skills in the rural workforce, the quality of the jobs in terms of pay scale and benefit package, and, for community development projects, improvements to the community infrastructure, facilities, and/or acquisition of equipment that improves the education, health, safety, and/or medical care of rural residents.
- 2) Applicants who choose to apply in times when inadequate funds exist for extending a loan will be informed of the lack of funds. Applications will be reviewed and funded (if eligible) based on the following criteria:
- 3) Applications with the greatest anticipated economic impact for the community shall receive greatest priority. Criteria to be considered in determining economic impact include number of jobs created or saved, wage scale of employees, benefits paid to employees.
- 4) Applications of equal economic impact will be funded according to date of completed application.

In accordance with Federal law and U.S. Department of Agriculture policy, the DCDC Loan Review Committee (DCDCLRC) will not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or marital or family status.

G. LOAN ELIGIBILITY & QUALIFYING PROJECTS

A large variety of businesses are eligible for loans. Loan proceeds may be used for but are not limited to the following activities: business acquisitions, construction, building renovation, equipment purchase, leasehold improvements, and working capital on a limited basis. Short-term operating loans and refinancing or restructuring of existing debt is generally not eligible.

Types of businesses which this program would fund include light manufacturing; service businesses; home-based small businesses; vending and catering; desktop publishing and graphics design; maintenance and repair; bed and breakfast; resale of clothing, furnishings, and other goods; cosmetology; horticulture; and so forth. DCDC loan proceeds can be used for the following purposes:

- 1) Project / business to be assisted by the DCDCRLFP typically must be physically located within Apache County Area. On a case-by-case basis, DCDC Loan Review Committee (DCDCLRC) may waive this requirement and provide loan funds to a business located outside the Apache County Area if the committee determines to do so will have a positive economic impact on the community to be assisted with DCDCRLFP. If the business relocates outside of the Apache County Area, DCDCLRC may require immediate pay off of the loan.
- 2) Acquisition and development of land, easements, and rights-of-way.
- 3) Construction, conversion, enlargement, repairs, or modernization of buildings (including façade repairs), plants, machinery, equipment, access streets and roads, parking areas, utilities, and pollution control and abatement facilities.
- 4) Loans for start-up operating cost and working capital.
- 5) Technical assistance for private business enterprises.
- 6) The borrower has a goal of creating or retaining at least one full-time job for each \$5,000 loaned from the DCDCRLFP.

H. INELIGIBLE PROJECTS

DCDC loan proceeds cannot be used for the following purposes:

- 1) Produce agriculture products through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations except for commercial nurseries, timber operations, or limited agricultural production related projects;
- 2) Distribution or payment to the owner, partners, shareholders, or beneficiaries of the ultimate recipient or members of their families;
- 3) Loans to charitable and educational institutions, churches, organizations affiliated with or sponsored by churches and fraternal organizations;
- 4) Finance comprehensive area-wide type planning. This does not preclude the use of grant funds for planning for a given project.
- 5) Fund a part of a project which is dependent on other funding unless there is a firm commitment of the other funding to ensure completion of the project.
- 6) Funds will not be used to pay off any previous debt. Refinancing construction financing is an exception to this rule.
- 7) Loans will not be made unless there is a reasonable prospect that the applicant meets the definition of "small and emerging private business enterprises" defined as "any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues." If the grantor changes its definition of small and emerging business as defined by the USDA Rural Business Development Grant regulations, the

borrower reserves the right to utilize the amended definition without further approval from the grantor.

- 8) Assistance to persons who are employees, directors, officers of DCDC or DCDC Loan Review Committee and/or have major ownership (25 percent or more) in the ultimate recipient.

I. LOAN RESTRICTIONS

Loans funds may not be used for refinancing of existing debt; real estate; vehicle purchases; & research and development. Loans may not be used for certain types of businesses including franchises, multilevel marketing businesses, speculative ventures (e.g., gambling), and certain kinds of publishing.

J. LOAN TERMS

Loans can be amortized over the lesser of seven years or the life of the security. The DCDC Loan Review Committee (DCDCLRC) shall determine the term. DCDCLRC 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.

K. LOAN REPAYMENT

After the activities of the initiation period are completed and the first loans are made, DCDCLRC meets quarterly until all the loans are repaid. Loan repayments begin monthly after the loan is received and are due every month after that until the loan is repaid. Monthly payment must be made on-time and in-person and reported at each quarterly DCDCLRC meeting.

Loans made to the borrowers are made by check, payable to the individual borrower. Repayments are made by debit card, cash or money order made payable to the DCDC.

In addition to making loan payments, the borrower(s) must present their business financial records to the DCDCLRC for inspection and discuss the on-going operation of each business.

L. LOAN MONITORING

DCDC Executive Director shall be responsible for administrative requirements of the DCDCRLFP; however, the DCDC Executive Director may delegate these responsibilities to the DCDC Project Director or Board member. All DCDCRLFP loans will be monitored to ensure that loan proceeds are spent as identified in the DCDCRLFP application, that all other sources of financing have been committed to the project, and that the benefits of the project, such as job creation, are accomplished as stated in the DCDCRLFP application. DCDC Executive Director shall ensure that DCDCRLFP lien positions and loan collateral are secure. This loan monitoring will require regular reporting by the loan recipient.

- 1) Annual financial reports will be collected from the loan recipient. Depending on the nature of the project and security arrangements, DCDC reserves the right to require

the submission of annual financial reports as audited by a certified public accountant.

- 2) DCDC will also conduct annual or routine site visits to meet with the loan recipient, verify collateral and collect any information as required such as adequate insurance.
- 3) At the option of DCDC, periodic management information reports may be required of the loan recipient. Management reports may be required on a semi-annual basis beginning six (6) months after the advance of DCDCRFP funds and continuing semi-annually thereafter for a period of three (3) years or until completion of the project, whichever is the later period. If requested, management reports will include:
 - information on the number of jobs created or retained during the reporting period;
 - a comparison of accomplishments during the reporting period to the objectives established for the project,
 - a description of any problems, delays, or adverse conditions which will materially affect the attainment of planned project objectives and a statement of action taken or contemplated to resolve the situation.
- 4) DCDC reserves the right to require these reports on a more frequent basis if it is determined to be in the best interest of the DCDCRFP.
- 5) An annual review and report of the outstanding loans of the DCDCRFP, including job creation/retention totals and community benefits, will be compiled by the DCDC Loan Review Committee for presentation to the DCDC.

M. COLLECTION PROCEDURES

DCDC is charged with the responsibility for loan collections and related workouts, collection of charged-off loans, management and disposal of other real estate owned, and any other activities related to delinquent accounts. As part of this responsibility, DCDC Executive Director shall have authority to initiate foreclosures, and collection suits after consultation with DCDC's legal counsel. DCDC Executive Director will advise the DCDC Loan Review Committee (DCDCLRC) of such action at their next regular quarterly meeting.

- 1) Past due notices will be generated and sent to the loan recipient according to the following schedule:
 - First notice sent on the 10th day after a note or payment is due.
 - Second notice sent on the 20th day after a note or payment is due.
- 2) If the delinquent account becomes thirty (30) days delinquent, DCDC Executive Director will make telephone contact with the loan recipient to inquire about the situation and arrange appropriate corrective action.
 - As a prudent lender and at the DCDC's sole discretion, a one-time corrective action/workout of a delinquent account is permitted. As part of the workout, loan terms may be modified by deferral, re-amortization and/or balloon payments.
- 3) If the delinquent account is not taking steps to cure default and the account becomes sixty (60) days delinquent, a written thirty (30)-day Notice to Cure will be

issued and sent to the loan recipient via certified, first class mail with a return receipt requested.

- 4) If the delinquent account does not respond to the Notice to Cure by paying the amount stated in the cure notice, the file will be forwarded to DCDC's legal counsel to start foreclosure actions.

N. LATE PAYMENTS AND DEFAULTS

If a payment is not made on the due date, a late fee of \$10 is charged. However, if the late payment is made on or after the next monthly meeting, the late fee is \$15. This fee increases by another \$5 at every successive month thereafter until the payment is made.

If a loan recipient defaults on a loan, DCDCRLRC will have thirty (30) days to encourage and persuade the borrower to catch up on the loan payments. If payments are not resumed, DCDCRLRC takes responsibility for working with the borrower. If, at the end of the first sixty (60) days, the borrower is still in default, all legal means available are employed for collection and the defaulting information on the individual borrower is given to a credit rating service. DCDC Revolving Loan Fund Program at its discretion, may turn the matter over to an outside collection agency, obtain a court judgment, garnish wages, or take any other action it deems necessary to collect the past due loan. The loan recipient(s) who defaulted will never be able to borrow from DCDC Revolving Loan Fund Program again.

O. CHECKS

No personal checks will be accepted. Certified checks and money orders will be accepted.

P. CREDIT REPORTING

DCDC Revolving Loan Fund Program may report loan information to one of the three major credit bureaus. This will accomplish two goals; your timely payments will strengthen your credit rating with businesses across the country and delinquent accounts will be reported to notify other lenders about your credit worthiness. Credit is a privilege granted to those who show themselves to be responsible and trustworthy.

Q. FILE RETENTION

All DCDCRLFP files will be retained for a period of not less than three (3) full years after the loan has been paid in full. After three (3) years, the files will be destroyed by shredding or incineration. Files will be secured in a locked, safe place and access will be limited to the DCDC Executive Director and DCDCRLRC with DCDCRLFP responsibilities. Other security measures will be initiated as needed to protect confidentiality of loan documents.

VII. SAVINGS CONTRIBUTIONS

A. LOAN LOSS RESERVE FUND ACCOUNT

Each loan recipient will contribute to the Loan Loss Reserve Fund Account. The account is for loan defaults of all DCDCRLFP participants.

Each borrower will contribute an amount equal to 5% of each loan received to fund the Loan Loss Reserve Fund Account. Funds are deposited in an account held in DCDC's name.

The contribution from each borrower will be combined into the Borrowers Loan Loss Reserve Fund Account which is the first source of repayment of late or defaulted loans.

Withdrawal of monies or funds requires the joint signature of the DCDC Executive Director and the designated officer of the DCDCRLC. The Loan Loss Reserve Fund Account will be used first to repay the outstanding loan balance in the event that a loan recipient defaults on a loan.

B. Return of Loan Loss Reserve Funds

At the end of the period when a borrower's loan has been repaid, their contribution to the Loan Loss Reserve Fund will be reimbursed. If members of a Borrowers' Circle decide to apply for second loans, the Circle and the Loan Loss Reserve Fund Account will remain intact.

VIII. USDA Required Forms

Upon DCDC Revolving Loan Fund Approval, for each loan approved for an ultimate recipient business using the initial amount of USDA RBDG funds, Dine Community Development Corporation had to obtain the USDA concurrence prior to loan closing. In order for DCDC to obtain concurrence, the following forms and information must be submitted to the USDA:

- A. **A brief narrative and analysis of the project.** The analysis should contain a discussion of the following: name and address of the Ultimate Recipient business, nature of the business, borrower contribution, loan amount, sources and uses of loan funds, interest rate, loan term, fees charged, balance sheet, income statement, cash flow for debt service, business management, credit history, loan collateral, jobs created and/or saved, and other relevant information regarding the Ultimate Recipient.
- B. A copy of the application submitted by the Ultimate Recipient.
- C. **USDA Form RD 400-4:** Assurance Agreement
- D. **USDA Form AD-1048:** Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion— Lower Tier Covered Transactions.
- E. Ultimate Recipient Project Certification – RBDG Revolving Loan Fund Form
- F. Environmental Review documentation (screening and conclusion statement)
- G. **DUNS Number** - Each Ultimate Recipient must obtain a DUNS Number at the time they file an application with the DCDC.

EXHIBIT A: DCDC Agreement and Certification

I/We Agree and Certify:

That all information submitted in this loan application is accurate and complete to the best of my/our knowledge;

That there are no other applications or request for financing active (other than those previously mentioned) at traditional lending institutions for funding on this project. If that changes, Diné Community Development Corporation (DCDC) will be notified immediately;

That DCDC is authorized to disclose information submitted with this application to other participating institutions. If approved for a loan, DCDC may disclose related information with other participating institutions;

As consideration for any management and/or technical assistance that may be offered, to waive all claims against DCDC, its officers, directors, and members;

That no owner or officer of my/our company or member(s) of my/our immediate families have any ownership interest in or are employed by DCDC which would create a conflict of interest as a result of funding from this program;

That I am not nor is any owner or officer of my/our company delinquent on any Navajo Nation and/or Federal Government debt or taxes: **INITIAL:** _____ **INITIAL:** _____ ;

That this application will not be reviewed unless it is complete and contains all the necessary documentation/information; and

That an application fee of \$25.00 per applicant is due with the application. Checks should be made to the Diné Community Development Corporation.

Name

Title

Signature

Date

Name

Title

Signature

Date

EXHIBIT B:
DCDC's REVOLVING LOAN FUND PROGRAM APPLICATION

CONFIDENTIAL

*Assistance with any portion of this application is available by calling
DCDC at 928.755.5913 or email at: info@DineCDC.org*

1. GENERAL INFORMATION

Name of Applicant: _____

Current Address: _____

Date of Birth: ____/____/____ Email: _____@_____.

Home/Work Telephone: (____) _____ - _____

Years of Education: High School ____; College/Trade School ____; University _____

Veteran: Yes/NO, if Yes, indicate Branch: _____

Social Security #: _____ Census No: _____

Contact Person (if different): _____

Location of Business: Home Retail Online Other _____

Type of Company: Sole Proprietorship Corporation LLC
 Partnership Subchapter S Homebased

Is the business currently in operation? Yes No

If yes, the year founded: _____ Federal Tax ID #: _____

Do you currently have a business license? Yes No

3. EMPLOYMENT INFORMATION

If business is not in operation, are you employed? Yes No

If so, where? _____

Monthly Income: \$ _____

4. INFORMATION ON BUSINESS PRODUCT/SERVICE

Briefly describe your product(s) and/or service(s): _____

Briefly describe the market for your product/service (your target customer): _____

In what geographic area are your customers located? _____

Who are your competitors? _____

What is your competitive advantage? _____

How do/will you market and distribute your product or service?

Direct Mail Personal contacts made by owner

Social Media/Internet Publication/Newspaper (Navajo Times, Gallup Independent)

Other (explain): _____

5. INFORMATION ON BUSINESS PRODUCT/SERVICE

Describe your past experiences that relates to your product/service and the length of that experience (attach Resume and/or Qualification Statement):

List names and titles of any other officers or key personnel (attach Resume if possible):

Do you currently have an accountant? Yes No

Do you currently have an attorney? Yes No

Do you need management assistance? Yes No

If yes, what type? _____

Do you need marketing assistance? Yes No

If yes, what type? _____

7. FACILITY REQUIREMENTS

Are you currently occupying a facility (either in your home or at a commercial location? Yes No

If yes, what is your current square footage?

Office _____sq. ft.

Manufacturing _____sq. ft.

What is your approximate monthly cost for this facility? __None

Rent \$ _____

Utilities \$ _____

Current Full-Time _____ Part –Time _____

8. TRAINING/Other

Have you completed the Indianpreneurship™ Training? Yes No

Have you completed the Financial Literacy Training? Yes No

How do you think your participation in the DCDC RLF Program will benefit your business?

7. BUSINESS FINANCIAL INFORMATION

What are your projections for total gross sales volume?

1st year _____

2nd year _____

3rd year _____

What is the projected source and amount of financing for operating your business?

	1st year	2nd year	3rd year
Cash/equity	\$ _____	\$ _____	\$ _____
Loan(s)	\$ _____	\$ _____	\$ _____
Sales	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____

Are you currently seeking additional funding for your business?

Yes

No

If yes, please state funds needed:

\$ _____

Where do you plan to obtain these funds? _____

9. REFERENCES (please list 3 Personal and/or Professional References)

Name(s)	Relationship(s)	Telephone Number(s)
1).		
2).		
3).		

10. CREDIT INFORMATION

It is important to inform DCDC if you are presently delinquent on your mortgage and/or vehicle payments? If you are aware such accounts are appearing as late on your credit report, and are in fact up-to-date, please provide supporting documents.	Are you behind on any mortgage and/or vehicle payments? <input type="checkbox"/> Yes <input type="checkbox"/> No	If so, is it still active? <input type="checkbox"/> Yes <input type="checkbox"/> No
It is important to inform DCDC if you are presently delinquent on any payday or title loans? If you are aware such accounts are appearing as late on your credit report, and are in fact up-to-date, please provide supporting documents.	Are you behind on any payday or title loan payments? <input type="checkbox"/> Yes <input type="checkbox"/> No	Can you prove you are current? <input type="checkbox"/> Yes <input type="checkbox"/> No

11. LOAN REQUEST

Total Requested Amount: \$	Please Break Down the Total Requested Amount
\$	
\$	
\$	
Total: \$ _____	

I, hereby apply for participation in the DCDC’s Revolving Loan Fund Program. I attest that all the information on this application is true. I authorize DCDC to investigate and verify the above information and contact any references regarding this application. I understand that the information contained in this application will be held in the strictest confidence. I further understand that this application is subject to review and in no way guarantees the issuance of a loan, and that no liability will be assumed by the DCDC RLF Program.

Signature _____ Date _____, 2021

OFFICE USE ONLY

Date Received:	Referred Date:	Application:	Approval No.	Amount:	Check No.