

**MONTANA STATE SMALL BUSINESS CREDIT INITIATIVE 2.0  
LOAN PARTICIPATION PROGRAM (MT SSBCI 2.0 LPP)  
CDFI/RLF LOAN SERVICING AGREEMENT**

**THIS AGREEMENT**, effective \_\_\_\_\_, is made by and between the Montana Department of Commerce (hereinafter referred to as the “Department”), a State agency, and \_\_\_\_\_ (hereinafter referred to as the “CDFI/RLF”).

**WITNESSETH**

**WHEREAS**, the Department is an agency of the State of Montana; and

**WHEREAS**, the Department, in fulfilling its responsibility to administer the Montana State Small Business Credit Initiative 2.0 Loan Participation Program (MT SSBCI 2.0 LPP), has adopted a Policy to implement the MT SSBCI 2.0 LPP, through which program the Department will participate with approved CDFI/RLF’s to make financing available to Montana businesses; and

**WHEREAS**, the CDFI/RLF is an approved participating CDFI/RLF for purposes of the MT SSBCI 2.0 LPP; and

**WHEREAS**, The CDFI/RLF is a \_\_\_\_\_ duly organized and existing under the laws of \_\_\_\_\_; and with its principal office at \_\_\_\_\_; and

**WHEREAS**, the Lender has offered the CDFI/RLF an opportunity to participate in certain MT SSBCI 2.0 LPP loans secured on real property and/or security interests in tangible personal property and the CDFI/RLF has evidenced an interest in acquiring a participating interest in such loans and the collateral security for said loans; and

**WHEREAS**, the CDFI/RLF and the MT SSBCI 2.0 LPP agree that if the CDFI/RLF decides to participate in a Loan offered by the Lender such participation shall be upon the terms and conditions set forth herein; and

**WHEREAS**, the CDFI/RLF and the Department are both authorized to enter into this Agreement for the purpose of defining each party’s rights and obligations under the MT SSBCI 2.0 LPP;

**NOW THEREFORE**, in consideration of the foregoing, the mutual covenants and conditions contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree, and covenant as follows:

**Section 1.0 Definitions** The following words and terms have the following respective meanings:

- 1) “Act” means The American Rescue Plan Act of 2021 (ARPA) that reauthorized and amended the Small Business Jobs Act of 2010 (SBJA) to provide \$10 billion to fund the State Small Business Credit Initiative (SSBCI) as a response to the economic

effects of the COVID-19 pandemic. SSBCI provisions are codified at 12 U.S.C. § 5701 *et seq.*

- 2) "Borrower" means the person or entity to whom a Participation Loan is made by the Lender.
- 3) "CDFI/RLF" means the approved Community Development Financial Institutions (CDFI) and Economic Development Organizations (RLF) authorized to utilize the MT SSBCI 2.0 LPP loan funds to facilitate a participation in a Lender loan.
- 4) "Collateral" means the property, which is or at any time becomes subject to a Security Agreement.
- 5) "Commitment Letter" means that written document, originated by the MT SSBCI 2.0 LPP specifying the terms and conditions under which the CDFI/RLF will participate in a specific loan with the Lender.
- 6) "Lender" means an institution issuing the loan in which the approved CDFI/RLF will facilitate the use of MT SSBCI 2.0 LPP loan funds through a participation in said loan.
- 7) "Loan Agreement" means the loan agreement between the Borrower and the Lender setting forth the terms and conditions applicable to a Participation Loan.
- 8) "Loan Documents" mean the Security Agreement, the Loan Agreement, the Note, UCC Financing Statements, ALTA Extended Mortgagee Title Insurance and other documents and instruments evidencing, securing, guaranteeing, or otherwise pertaining to a Participation Loan.
- 9) "MT SSBCI 2.0 Loan Participation Program Policy" means that written document, approved by the Department, identifying the guidelines under which the MT SSBCI 2.0 LPP will consider issuing a Commitment Letter.
- 10) "Note" means the promissory note executed by a Borrower evidencing a Participation Loan, naming the Lender as payee, and setting forth the terms of the obligation, in a form acceptable to the MT SSBCI 2.0 LPP.
- 11) "Participation Certificate" means the certificate, substantially in the form of Exhibit A hereto, executed by the Lender and accepted in writing by the CDFI/RLF setting forth the amount of a Participation Loan, the Lender's and the CDFI/RLF's respective shares thereof, the respective interest rates applicable thereto and the Lender's service fee.
- 12) "Participation Loan" means any loan in which a Participation Certificate has been issued by the Lender and accepted in writing by the CDFI/RLF.
- 13) "Participation", "Participation Percentage", "Participation Interest" or words of like import mean the MT SSBCI 2.0 LPP's undivided interest in and ownership of a percentage of a Participation Loan as evidenced by the Participation Certificate issued by the Lender with respect to such Participation Loan.
- 14) "Project" means the land, building, equipment, fixtures, furnishings, and personal property or any one or more of the foregoing financed by a Participation Loan.
- 15) "Security Agreement" means an agreement granting a lien or security interest in real or personal property as security for a Participation Loan whether in the form of a mortgage, deed of trust, trust indenture, security agreement or other instrument.
- 16) "Tangible Personal Property" means all equipment, machinery and personal property that may or may not be a part of a Project.

**Section 1.1 Exhibits** Attached to and by reference made a part of this Agreement are: Exhibit A, the form of the Participation Certificate, and, Exhibit B, the form of the Participation Report.

**Section 1.2 Rules of Interpretation** This Agreement shall be interpreted in accordance with and governed by the laws of the State of Montana and venue therefore shall be in the First Judicial District in Lewis and Clark County.

**Section 2.0 Purpose** This Agreement shall govern the rights, interests, and obligations of the CDFI/RLF and the Department with respect to the MT SSBCI 2.0 LPP. The Agreement shall also govern the servicing obligations of the CDFI/RLF with respect to Participation Loans.

**Section 2.1 Processing of Participation Loan** The MT SSBCI 2.0 LPP shall not in any event take part in or be responsible for the negotiations with the Borrower leading to the consummation or Participation of a loan, unless requested by the Lender and in the presence of the Lender.

**Section 3.0 Submission of Information** The Lender shall provide the MT SSBCI 2.0 LPP through the CDFI/RLF, with sufficient information to enable MT SSBCI 2.0 LPP to determine whether the loans offered for Participation conform to the policies, rules, and regulations of the MT SSBCI 2.0 LPP.

**Section 3.1 Requirement of Loan**

(1) Any loan to be participated in by the MT SSBCI 2.0 LPP shall be evidenced by a Note and a Loan Agreement (if required by the Lender or the MT SSBCI 2.0 LPP) executed by the Borrower and the Lender in the form approved by the MT SSBCI 2.0 LPP. To secure such Note, the Borrower shall execute and deliver to the Lender, and the Lender shall record appropriate Security Agreements including but not limited to those specified hereafter in a form approved by the MT SSBCI 2.0 LPP:

- (a) If the Project includes real property or buildings, an appropriate Security Agreement granting a lien thereon and a mortgagee's title insurance policy in the current form of American Land Title Association (ALTA) Loan Policy with Extended Coverage, or equivalent, including mechanics' lien and (if available) zoning coverage, issued by a title company satisfactory to the MT SSBCI 2.0 LPP, insuring in the amount of such loan the Lender's interest under the Security Agreement as the holder of the mortgage lien of record on such real property, subject to only such exceptions as are acceptable to the MT SSBCI 2.0 LPP;
- (b) If the Project involves the Borrower having an interest as lessor or as lessee under one or more leases of real, personal or mixed property, an assignment of the Borrower's interest in such leases;
- (c) UCC financing statements are required to perfect a security interest in the Collateral; and
- (d) Such other appropriate instruments as required by the MT SSBCI 2.0 LPP.

(2) Any loan must contain a Due on Sale provision in the Loan Documents that all principal and interest payments due under such loan may be accelerated if the Borrower rents, sells or otherwise transfers an interest in the property, including chattel property, or ceases to utilize any of the property for the purpose of which such loan was made.

(3) Any loan must not contain a Future Advance clause.

(4) Any loan must not contain a Cross Collateral clause associated with other Lender loans.

**Section 3.2 Commitment to Participate** Upon approval by the MT SSBCI 2.0 LPP of an application submitted by the Lender through the CDFI/RLF to the MT SSBCI 2.0 LPP in accordance with the MT SSBCI 2.0 LPP Policy, the MT SSBCI 2.0 LPP shall issue to a Commitment Letter to the Lender setting forth the terms and conditions under which it will participate in a loan. The MT SSBCI 2.0 LPP will ACH to the CDFI/RLF an amount equal to 100 percent of the CDFI/RLF's Participation Interest as first set forth in the Commitment Letter. These funds can be disbursed under Section 3.3.

**Section 3.3 Payment and Delivery of Documents for Loan Participation** Upon receipt of a disbursement letter request and a copy of the Participation Certificate executed by the Lender and CDFI/RLF, stating among other things that the Note and other necessary Loan Documents have been fully executed by the Borrower and recorded by the Lender and a complete set of the Loan Documents as required by Schedule A of the Commitment Letter have been received, the MT SSBCI 2.0 LPP shall authorize the CDFI/RLF to disburse the MT SSBCI 2.0 LPP funds to the Lender, in an amount equal to 100 percent of the CDFI/RLF's Participation Interest as first set forth in the Commitment Letter. The review of all loan documents or documents required under the Commitment Letter by the MT SSBCI 2.0 LPP does not constitute the concurrence by the MT SSBCI 2.0 LPP of the accuracy, validity or legality of the documents presented as required by the Commitment Letter.

**Section 3.4 Determination of Interest Rate to be Charged for Participation Loans** The interest rate charged by the Lender on a loan participated in by the CDFI/RLF shall be specified in the MT SSBCI 2.0 LPP's Commitment Letter.

**Section 3.5 Interest of MT SSBCI 2.0 LPP in Participation Loan** Each Participation held by the CDFI/RLF will include an interest in all amounts of principal and interest on the Participation Loan to which it relates received by the Lender in payment thereof from whatsoever source said payments are derived and in all Collateral, said interest subject to the provisions of Section 5.3 hereof, to be based upon the CDFI/RLF's Participation Percentage in such Participation Loan. Each Participation in a Participation Loan held by the CDFI/RLF shall be on parity with any other Participations therein and with the undivided interest therein retained by the Lender.

**Section 3.6 Assignability** The Lender shall not assign its interest in a Participation Loan or any rights with respect thereto or grant other participation interests therein without the prior written consent of the CDFI/RLF and the MT SSBCI 2.0 LPP. Such consent shall not be unreasonably or arbitrarily withheld. Should the MT SSBCI 2.0 LPP assign its Participation Interest, it will notify the Lender of such assignment and such notice shall include the name and address of assignee and instructions on payments to be made under this Agreement.

**Section 4.0 Warranties** The Lender represents and warrants with respect to each Participation Loan described in any Participation Certificate executed by the CDFI/RLF and Lender, that:

- 1) The Lender is the sole legal, equitable and beneficial owner of each of said Participation Loans and has the right to sell and transfer a Participation Interest therein to the CDFI/RLF and has not heretofore sold or transferred or otherwise disposed of any portion of its interest without MT SSBCI 2.0 LPP concurrence in any

of such Participation Loans or the Collateral therefore. If the Lender wishes to sell a portion of its retained portion of the participation loan, the Lender must get prior written approval from the MT SSBCI 2.0 LPP and retain at least five percent (5.00%) of the original loan amount.

- 2) The property subject to each Security Agreement securing a Loan is, to the best of Lender's knowledge, free and clear of all liens that are prior or superior to the lien of such Security Agreements, except: (1) the lien for future taxes and assessments not yet due and payable, and (2) subordinated liens agreed upon in the MT SSBCI 2.0 LPP's commitment.
- 3) If the property subject to the Security Agreement is subject to a superior or prior lien and the subject loan is in a secondary or subordinate security position, the MT SSBCI 2.0 LPP must give its approval to the secondary or subordinate security position.
- 4) No Loan Documents are in default and there does not exist an event which may result in default under the terms and covenants thereof. No portion of any real property subject to any Security Agreement securing a Participation Loan has been released from such Security Agreement after the date of the applicable mortgagee's title insurance policy.
- 5) All Loan Documents in connection with each Participation Loan are to the best of Lender's knowledge, valid and enforceable under existing law.
- 6) Each Participation Loan complies with all applicable provisions of the Act and the MT SSBCI 2.0 LPP Policy promulgated by the Department pursuant thereto.
- 7) The review and acceptance of all loan documents or documents required under the MT SSBCI 2.0 LPP does not constitute the concurrence by the MT SSBCI 2.0 LPP of the accuracy, validity or legality of the documents presented.

**Section 4.1 Further Warranties** CDFI/RLF further represents and warrants at all times relevant herein that:

- 1) The CDFI/RLF is and will be authorized to do business in the State of Montana and there are and will be no substantial or material violations on the part of the CDFI/RLF of any applicable state or federal law, regulation or rule.
- 2) Each person executing any documents under the MT SSBCI 2.0 LPP is or will be, at the time of execution and delivery thereof, fully authorized to do so on behalf of the CDFI/RLF.

**Section 5.0 Custody of Notes and Loan Documents**

(1) The Lender shall have custody and control of the Notes and the Loan Documents relating to each Participation Loan with full authority, subject to the provisions of this Agreement, to control in the name of the Lender the collection and enforcement thereof, and the utilization of the Collateral therefore, by suit, foreclosure, or otherwise. The Lender shall maintain customary records required by its supervisory authorities as to each loan in which the CDFI/RLF has acquired a participation interest.

(2) The CDFI/RLF agrees to make available to the MT SSBCI 2.0 LPP staff, Treasury, Treasury Inspector General, the Government Accountability Office, or any of their duly authorized representatives, all books and records related to the use of the MT SSBCI 2.0 LPP funds, subject to applicable privacy laws, including but not limited to 12 U.S.C. § 3401 *et seq.*, including detailed loan records, as applicable.

(3) The CDFI/RLF agrees to retain all MT SSBCI 2.0 LPP documents for the loans to which they are a party, directly or indirectly, for a period of three years after the MT SSBCI 2.0 LPP funds are transferred to the CDFI/RLF under Section 8.7 Final Settlement.

(4) Information included in an MT SSBCI 2.0 LPP application is subject to Montana's public records law.

### **Section 5.1 Remittance of Collections for Participation Loans**

(1) The Lender shall receive all the loan repayments on Participation Loans in trust for the benefit of the CDFI/RLF without commingling. Lender will retain the CDFI/RLF's participated portion of the principal and interest payments due the CDFI/RLF in a separate, restricted account for the benefit of the CDFI/RLF. No disbursements will be made from this account without the expressed written consent of the MT SSBCI 2.0 LPP.

(2) The Lender or CDFI/RLF will prepare and forward to the MT SSBCI 2.0 LPP a copy of a completed Participation Report set forth on Exhibit B hereto, immediately after depositing the CDFI/RLF's participation share of principal and interest payment made to the Lender by the Borrower.

(3) The Lender shall deposit to the CDFI/RLF's restricted account, held by the Lender, the CDFI/RLF's proportionate share of all principal and interest payments received by the Lender within five (5) business days of its receipt thereof. The CDFI/RLF's share of interest to be remitted by the Lender shall be originally computed from the date of receipt by the Lender from the MT SSBCI 2.0 LPP of the purchase price for its Participation Interest in each Participation Loan, and interest on the Participation Loan shall thereafter be computed by Lender as provided for in the Note. Any payment received after the five (5) business days grace period may be subject to a late fee equal to the CDFI/RLF's interest rate, times the late payment amount, times the number of days after the grace period, divided by the method of calculation (365 days, 360 days or 366 days during leap year).

(4) The CDFI/RLF will segregate all MT SSBCI 2.0 LPP funds received from the Department in a separate restricted account. The CDFI/RLF will segregate all MT SSBCI 2.0 LPP principal loan payments in this same account. Interest earned on the MT SSBCI 2.0 LPP funds will be reported as income but need not be segregated into this account. No withdrawals or transfers can be made from this account without the written consent of the MT SSBCI 2.0 LPP.

**Section 5.2 Sharing of Repayment Proceeds for Participation Loans** The Lender shall not acquire any preferential security, surety or insurance to protect its participation interest in a Participation Loan. All repayments, security or guarantee of any nature, including without limitation rights of set-off and counterclaim which Lender or CDFI/RLF jointly or severally may at any time recover from any source whatsoever or have the right to recover on any Participation Loan, shall repay and secure the interest of the Lender and the CDFI/RLF in the same proportion as such interest bears respectively to the unpaid balance of the Participation Loan. The Lender shall notify the CDFI/RLF of any loan or advance by the Lender or of which the Lender has knowledge to the Borrower subsequent to a Participation Loan, and if, in the CDFI/RLF's opinion, circumstances require, and the Borrower's consent, if required, is first obtained, enter into a written agreement with the CDFI/RLF providing for the application of collateral or proceeds realized therefrom to the respective loans in a manner satisfactory to the parties hereto.

### **Section 5.3 Management of Participation Loans**

(1) The Lender shall have the right to manage, perform and enforce the terms of each Note and the other Loan Documents pertaining to any Participation Loan and to exercise and enforce all privileges and rights exercisable or enforceable by it thereunder and to grant or withhold consents or approvals there under according to the Lender's discretion and in the exercise of its business judgment.

(2) All funds received from any Borrower or from any other source, or retained as part of the Participation Loan proceeds for the purpose of paying taxes, insurance premium to maintain the insurance coverage required hereby or by the Loan Documents, special assessments, or for the purpose of guaranteeing the repair or completion of improvements to the property subject to any Security Agreement shall be retained and disbursed by the Lender at such time, and from time to time, as the Lender in its discretion shall deem necessary.

(3) Each party hereto acknowledges and agrees that it will, independently and without reliance upon the other party hereto or the directors, officers, agents or employees of such other party and instead in reliance upon information furnished by each Borrower and upon such other information as it deems appropriate, make its own independent credit analysis and decision to make, in the case of the Lender, and to participate, in the case of the CDFI/RLF, in each Participation Loan hereunder. Each party hereto agrees that it shall, independently and without reliance on the other party or the directors, officers, agents or employees of the other party continue to make its own independent credit analysis and decisions in taking or in refraining from taking any action under this Agreement. The MT SSBCI 2.0 LPP, however, shall be entitled to rely on the accuracy of any and all information provided to it by the Lender through the CDFI/RLF regarding each Participation Loan. Each party hereto may employ agents and attorneys-in-fact and shall not be answerable, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorney-in-fact selected by it with reasonable care after appropriate investigation. Each party hereto shall be entitled to rely upon any document, paper, or instrument reasonable believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and in respect to legal matters, upon the opinion of counsel selected by it.

(4) Lender shall defend, indemnify and hold harmless the State of Montana and the CDFI/RLF hereunder and their elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, from and against all claims, demands, causes of action, liabilities, damages, judgments, expenses or fees, including the reasonable cost of defense thereof and attorney fees, arising or awarded in favor of Lender's employees or agents or third parties for bodily or personal injuries, death, damage to property, or financial or other loss resulting in whole or in part from (i) the services performed or products provided or (ii) other acts or omissions of Lender and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of the State.

**Section 6.0 Taxes** The Lender shall use its best effort to ensure that all taxes and assessments on the mortgaged property are promptly paid.

**Section 6.1 Required Insurance** Unless waived in writing by the MT SSBCI 2.0 LPP in its Commitment Letter, the Lender shall require that the property subject to any Security Agreement (excluding land) is, at all times relevant herein, insured as herein specified. Such insurance shall be evidenced by an insurance policy that is:

- 1) is issued by a reputable, nationally recognized insurance company authorized to do business in the state of Montana;

- 2) is in full force and effect;
- 3) contains a loss payable clause in favor of the Lender; and
- 4) is in an amount acceptable to the MT SSBCI 2.0 LPP

The MT SSBCI 2.0 LPP may require additional coverage on specific Loans as it deems necessary which may include, but not be limited to, earthquake, flood, breach of warranty, liability and loss of rents coverage.

**Section 6.2 Insurance on Real Property** If the property subject to a Security Agreement is or includes real property, insurance coverage on such property shall include loss or damage due to fire, vandalism and optional perils.

**Section 6.3 Insurance on Personal Property** If the Mortgaged Premises is or includes Tangible Personal Property, the insurance coverage on such property shall include fire, theft, comprehensive, collision and liability.

**Section 6.4 Errors and Omissions Insurance** CDFI/RLF is not required to maintain an errors and omissions insurance policy but is requested to submit a copy of said policy to the MT SSBCI 2.0 LPP if one is maintained.

**Section 7.0 Independent Contract** The CDFI/RLF is not considered an agent or employee of the MT SSBCI 2.0 LPP. The Agreement shall not constitute nor be construed to create a partnership or joint venture between the CDFI/RLF and the MT SSBCI 2.0 LPP.

**Section 7.1 Servicing Fees** As compensation for the administration of Participation Loans under this Agreement, the Lender may retain a servicing fee, not to exceed 50 basis points from the interest collected on each Participation Loan in an amount equal to the amount by which interest is paid by the Borrower on such Participation Loan exceeds the interest payable to the MT SSBCI 2.0 LPP as specified in the Commitment Letter and the Participation Certificate applicable to such Participation Loan. The fees authorized to be charged for change in ownership, modification of loan or late charges may also be collected and retained by the Lender for its own account. Prepayment penalties, if any, shall be shared pro rata by the parties.

The MT SSBCI 2.0 LPP will charge the CDFI/RLFs a 25 basis point annualized fee on the cumulative outstanding principal balance of all MT SSBCI 2.0 LPP loans at the end of each calendar quarter. This fee will be electronically deducted, via ACH from the CDFI/RLF's operational bank account during the second half of the month following the calendar quarter. This fee will not be taken from the CDFI/RLF's MT SSBCI 2.0 LPP restricted bank account.

**Section 8.0 Attorney's Fees** In the event either party hereto shall institute any action or proceeding against the other party hereto relating to this Agreement, the unsuccessful party in such action or proceeding shall reimburse the successful party for its reasonable attorneys' fees as fixed by the Court.

**Section 8.1 Notices** All notices which may be required herein shall be in writing and shall be considered to have been given as of the date and time when the same is deposited in a United States Post Office with postage prepaid and mailed by registered or certified United States Mail, return receipt requested, to the CDFI/RLF at the following address:



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and to the MT SSBCI 2.0 LPP at the following address:

MT SSBCI 2.0 LPP  
Montana Department of Commerce  
301 S Park Ave (59601)  
P.O. Box 200505 Helena, MT 59620-0505

**Section 8.2 Provisions Binding** The terms and provisions of this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

**Section 8.3 Waivers, etc** No failure on the part of the MT SSBCI 2.0 LPP to exercise and no delay in exercising, any power or right hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any power or right. The remedies herein provided are cumulative and exclusive of any remedies provided by law.

**Section 8.4 Amendments** The MT SSBCI 2.0 LPP or the CDFI/RLF may change the terms and conditions of this Agreement upon notice to the other party for future or new loans or as to existing Participation Loans with respect to the affected party's undivided interest if such changes are necessitated because of changes or amendments to the Internal Revenue Code to regulations promulgated there under or rulings interpreting the same, to Montana law, or the federal regulations applicable to the CDFI/RLF. Should the MT SSBCI 2.0 LPP or the CDFI/RLF desire any other amendment, the party requesting the amendment shall notify the other party thereof in writing. If the other party will not agree to the proposed amendment, the party requesting the amendment may terminate this Agreement, but this Agreement shall continue to be operative as to the Participation(s) already purchased.

**Section 8.5 Rights and Authority Irrevocable** All rights and authority given to the MT SSBCI 2.0 LPP under this Agreement are irrevocable so long as MT SSBCI 2.0 LPP funded any CDFI/RLF participation in any Participation Loan.

**Section 8.6 Reporting** Under the Act, the MT SSBCI 2.0 LPP is required to prepare quarterly and annual reports for the U.S. Treasury Department. The CDFI/RLF agrees to provide the MT SSBCI 2.0 LPP with the information required to complete those quarterly and annual reports. The CDFI/RLF also agrees to provide any additional information the MT SSBCI 2.0 LPP deems necessary relating to the MT SSBCI 2.0 LPP funded participations.

**Section 8.7 Final Settlement** Upon the end of the MT SSBCI 2.0 Loan Participation Program a final determination will be made as to the participating CDFI/RLF's compliance with all program requirements. Upon determining satisfactory performance, fifty percent (50%) of the funds managed by the CDFI/RLF over the life of the MT SSBCI 2.0 LPP will become unrestricted Revolving Loan Funds of the CDFI/RLF, at which time the funds will no longer carry any federal identity or reporting requirements.



**Exhibit A**  
**LOAN PARTICIPATION CERTIFICATE**

This certificate is issued by the undersigned institution «Lender\_Organization\_Name» ('Lender') for the loan to be participated in by the «CDFIRLF\_Name» ('CDFI/RLF') in accordance with its Commitment Letter dated «Date\_of\_Commitment\_Letter». It represents the original stated interest in the following loan:

MT SSBCI 2.0 LLP LOAN NUMBER: «Number»

NAME OF BORROWER: «Legal\_Business\_Name»  
«CoBorrower\_»

PRINCIPAL AMOUNT OF LOAN: «Total\_Loan\_Amount»

PRINCIPAL CURRENT INTEREST RATE OF THE LOAN: 7.06%, «Lender\_Index»,

Repayment Schedule: «Repayment\_Schedule»

PARTICIPANT'S (CDFI/RLF) MAXIMUM AMOUNT OF THE LOAN: «CDFIRLFs\_Loan\_Amount\_SSBCI\_Portion»

PARTICIPANT'S PARTICIPATION INTEREST IN THE LOAN: 50.00%

PARTICIPANT'S (CDFI/RLF) INTEREST IN LOAN: 1.00%

CDFI/RLF's Share: 1.00% (MT SSBCI 2.0 LPP rate) + 0.00% (Lender service fee), the interest rate will remain fixed for the entirety of the loan.

With regard to this loan, the Approved Lender certifies as follows:

- 1) That all Loan Documents described in the Commitment Letter have been executed by the Borrower and Approved Lender and conform to the Commitment Letter.
- 2) That all Security Documents described in the Commitment Letter have been filed and recorded by the Borrower or the Approved Lender with the appropriate county and state officials; and
- 3) That the loan has been fully disbursed or, in the case of a Participation Loan, will be fully disbursed upon receipt of the CDFI\RLF's share.

DATE OF LOAN: \_\_\_\_\_

MATURITY DATE: \_\_\_\_\_

The Lender and CDFI\RLF, by acceptance hereof, agree to the following:

- 1) This certificate is effective as of its date and is issued subject to the provisions hereinafter contained.
- 2) The Approved Lender will diligently service the loan in accordance with the MT SSBCI 2.0 LPP Lender Loan Servicing Agreement.

Dated: \_\_\_\_\_, \_\_\_\_\_.

Lender: «Lender\_Organization\_Name»

By: \_\_\_\_\_

Title: \_\_\_\_\_

ACCEPTED:

CDFI\RLF: «CDFIRLF\_Name»

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Exhibit B**

**CDFI/RLF (CDFI/RLF)**

**PARTICIPATION REPORT**

ON LOANS SERVICED BY APPROVED FINANCIAL INSTITUTIONS

PURSUANT TO THE TERMS OF PARTICIPATION AGREEMENT UNDER WHICH THIS LOAN WAS MADE

<b>SUBMIT TO:</b> CDFI/RLF	<b>CDFI/RLF PARTICIPATION UNDER THE:</b>
	Montana State Small Business Credit Initiative 2.0 Loan Participation Program

<b>1. COMPLETE ON EACH REPORT:</b>	<b>MT SSBCI 2.0 LPP LOAN NUMBER:</b>
Amount of Note \$ -	
Date of Note	
Maturity Date	
<b>Interest Day Count Calculation</b>	BORROWER: (Name)
30/360 Actual/360	
Actual/365 Other 365	
Next payment date:	Approved Lender (Name & Address):
Total required payment amount:	

<b>PAYMENT*</b>									
2. Payment received		on installment due		in the amount of.....					\$ -
3. Interest period:	From		To						0
Interest period:	From		To						0
4. CDFI/RLF share of interest:									
CDFI/RLF rate	0.0000%	rate on	50.00%	of gross principal balance .....	\$	-	\$	-	
CDFI/RLF interest rate change	0.0000%	rate on	0.00%	of gross principal balance .....	\$	-	\$	-	
5. LENDER share of interest:									
a) LENDER rate	0.0000%	rate on	50.00%	of gross principal balance	\$	-	\$	-	
b) LENDER interest rate change	0.0000%	rate on	0.00%	of gross principal balance	\$	-			
c) Service Fee	0.0000%	service fee on	50.00%	of CDFI/RLF share of gross principal balance	\$	-			
Service Fee		service fee on		of CDFI/RLF share of gross principal balance	\$	-	\$	-	
TOTAL LENDER share (a+b+c)				.....			\$	-	
6. Total interest (Item 4 + Item 5).....							\$	-	
7. Total principal (Item 2- Item 6).....							\$	-	
8. CDFI/RLF share of principal: ( 50% Item 7).....							\$	-	
9. LENDER share of principal: ( 50% Item 7).....							\$	-	
10. PAYMENT DUE TO CDFI/RLF ** (Item 4 + Item 8).....							\$	-	

BALANCE OF LOAN	GROSS PRINCIPAL BALANCE	CDFI/RLF SHARE	LENDER SHARE
11. Balance from previous report	\$ -	\$ -	\$ -
12. Less principal payment from above (if any)	\$ -	\$ -	\$ -
13. Current outstanding balance	\$ -	\$ -	\$ -

<b>DEFAULTS (if any) AND COMMENTS:</b>	

<b>COMMENTS:</b>			
NAME/TITLE (PLEASE PRINT OR TYPE)	PHONE #	Email	DATE OF REPORT

\* In the event the borrower's remittance includes amounts for taxes, etc., only that portion of the remittance applicable to principal and interest should be reported.  
 \* Highlighted Yellow are the parts that need to be filled out and some parts might just be left blank depends on the loan.