

Junction Texas Economic Development Corporation's (JTEDC) "Loan Interest Subsidy" Grant Assistance

As part of Junction's ongoing economic development, the JTEDC has established the Loan Interest Subsidy grant program specifically designed to assist existing and new business owners with reducing the amount of loan interest paid to a lending institution.

Application Criteria:

- Must be for a new or existing loan for a new or existing business providing a service or producing a product that generates sales tax in the City of Junction.
- Loan must be for the purchase of land, property, equipment or working capital used to expand the existing business or to begin a new business by creating or retaining jobs.
- Loan may be with a financial institution located in or out of Kimble County.
- Business Plan

Grant Program Information:

- Terms of assistance can not exceed a three-year period.
- Because of limited JTEDC funds, a business owner is eligible for only one loan interest subsidy application per budget year.
- Maximum grant award per grantee per year = Up to \$10,000 at the discretion of the Board and based on an annual review.
- Once approved, monthly grant payments will be paid by the JTEDC directly to the financial institution in accordance with the executed performance agreement.
- This program is subject to the conditions of a performance agreement between the applicant and the JTEDC. If all the conditions of the performance agreement are not met, the loan interest subsidy monies must be paid back at an interest rate in a time period to be determined by the JTEDC Board.
- Individual grants will be approved and funded by the JTEDC and will be administered in accordance with requirements of a performance agreement between JTEDC and Grantees.
- City Council approval will be required as well as a performance agreement.

Application forms may be obtained at www.junctionedc.org or at the JTEDC office at 730 Main St., Junction, Texas 76849.

For additional information, contact Patricia Whitty, JTEDC executive director, at 325-446-3402 or email patricia.whitty@junctionedc.org.

Junction Texas Economic Development Corporation

Loan Interest Subsidy Grant Application

Applicants should know Junction Texas Economic Development Corporation (JTEDC) grants are subject to a number of requirements, including approval by the City of Junction City Council.

Date of Application: _____

Applicant Name: _____

Company Name: _____

Type of Business: _____

Address: _____

Work Telephone # _____

Cellular Telephone # _____

Home Telephone # _____

E-mail Address: _____

Type of Business (Circle One):

Sole Proprietorship, Partnership, Corporation, Non-profit Organization, Other

List Officers, partners, directors, members or shareholders:

What is your business's market area? _____

Lending Institution Contact Information: _____

Address: _____

Telephone #: _____

Loan Officer's Name and Telephone Number: _____

Loan Account Number: _____

Loan Amount: _____ **Loan Term:** _____ **Loan Interest Rate:** _____

Page 2 of 3
Loan Interest Subsidy Grant Application

Loan Supports (Circle One): Land, Building, Equipment, Working Capital

Share of Loan Interest Paid by Applicant and Cost Share to be Funded by JTEDC:

- A. 100% JTEDC Funding = \$
- B. 10% Applicant/90% JTEDC = Interest Subsidy from JTEDC in the amount of: \$
- C. 25% Applicant/75% JTEDC = Interest Subsidy from JTEDC in the amount of: \$
- D. 50% Applicant/50% JTEDC = Interest Subsidy from JTEDC in the amount of: \$
- E. ___% Applicant/ ___%JTEDC = Interest Subsidy from JTEDC in the amount of: \$

In order to be considered for approval by the JTEDC Board of Directors, any formal request for a JTEDC Loan Interest Subsidy Grant Program, applicant must include the following required items of documentation:

1. Letter and supporting loan documentation (Copy of note, mortgage, etc.) from financial institution specifying terms of loan, loan interest and what the loan supports.
2. A receipt from the financial institution after each monthly payment is made.

Does this Loan Interest Subsidy Support Job Creation or Job Retention? _____

Employment Impact

A. Total Number of Existing Jobs: Full-Time _____ Part-Time: _____
Total Annual Payroll Budgeted for Existing Jobs: _____

B. Type of New Jobs Created: Full-Time: _____ Part-Time: _____
Total Annual Payroll Budgeted for New Jobs: _____

Fiscal Impact

Amount of Real Property Added to Tax Rolls: _____

Estimated Sales Tax to be Generated: _____

Annual Operating Budget: _____

Growth Expectations: (Please explain)

STATE OF TEXAS
Kimble County
City of Junction

CONTRACTUAL PERFORMANCE AGREEMENT

This contractual performance agreement (the "agreement or "contract" or "performance agreement") is entered into by and between the Junction Texas Economic Development Corporation (the "JTEDC"), whose address is 730 Main Street, Junction, Texas 76849, and _____ ("Grantee" - a person, person, or a business entity with commercial business activities in Junction, Kimble County, Texas), whose address is _____, who for the consideration herein expressed, do each contractually agree as follows:

Project: The project and performance requirements to be implemented by means of this agreement are generally described in the approved Grant Application that is attached to and hereby made a part of this agreement.

[Attach grant application form approved by the JTEDC Board]

If the loan supports working capital, working capital is defined herein as a business expense such as, advertising, wages, rent and other operational costs. Often these loans are secured by tangible assets. Working capital allows bills to be paid while the business is awaiting payment of cash from its sales or other revenues.

Money Grant:

Verification of loan from a financial institution will be performed and documented by the JTEDC executive director. JTEDC will not convey any grant money prior to notification from the financial institution of the details of the Grantee's loan and proof of the Grantee's timely loan payment. The JTEDC may make periodic grant payments for the loan interest payment made by Grantee during the execution of the performance agreement.

Grantee will notify JTEDC in writing and provide proof of payment of their Grantee's loan payment. If loan interest costs differ significantly from the approved application, JTEDC reserves the right to adjust the amount of the grant payment accordingly, within established limits. Failure by Grantee to provide actual loan payment documentation when requested will be considered a breach of this agreement and no further grant payment will be made by JTEDC. The JTEDC Board will review on an annual basis the status of the Grantee's loan interest subsidy grant.

Money Grant (CONTINUED):

Upon completion and acceptance of the the Application and subject to any modification warranted by an analysis of final costs as described above, JTEDC will grant and convey by money grant to Grantee payable to Grantee's financial institution a total up to \$_____ per year for a _____-year period (not to exceed three years) with an annual review and evaluation made by the JTEDC Board.

Warranties, Obligations, and Duties:

Grantee makes the following warranties to JTEDC and agrees that inclusion of any false or misleading statement contained herein or failure to timely and fully perform as required in the agreement shall be an act of default by Grantee.

Grantee has the full authority to execute this agreement, and has obtained any necessary authorization to execute this agreement through its organizational structure (example: by its Board of Directors, partners, members, managers, officers, or agents). Grantee will furnish any authorization to JTEDC upon request by JTEDC.

Grantee will continue full-time business activities at its Junction, Texas facility described in this contract for at least three years from the date of this agreement.

Grantee will affect no change in ownership of the business or facilities without prior notice to JTEDC.

No litigation or bankruptcy proceeding is pending or threatened or contemplated against or affecting Grantee that may result in material adverse change in business, properties, or operation.

Suspension/Termination:

JTEDC, under the following circumstances, and its sole discretion, may suspend its obligations under this agreement or terminate this agreement and recapture from Grantee any of the money grants or consideration paid by JTEDC to Grantee's financial institution, upon any of the following events, which are an act of default.

1. The closure of the business for any reason.
2. The change of entity structure for any reason without the permission of JTEDC.

Suspension/Termination (CONTINUED):

3. The sale or lease or any other form of conveyance of Grantee's Junction, Texas, business facility described in this agreement to a non-commercial owner or tenant within three years of the date of this agreement.
4. The adjudication of Grantee as bankrupt or the filing by Grantee or a creditor of a petition or an answer seeking bankruptcy, receivership, reorganization, or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.
5. Any other event the JTEDC believes jeopardizes the repayment of the grant money.

In the event Grantee commits an act of default that is not timely corrected and cured, Grantee shall immediately return to JTEDC all money grants previously paid on its behalf by JTEDC and JTEDC shall be relieved of any further obligations under this agreement.

Payback Provision:

If all the conditions of this performance agreement are not met, the loan interest subsidy monies must be paid back at an annual interest rate of _____ % in _____ years and/or months (interest and time period to be determined by the JTEDC Board).

Reporting and Monitoring:

Grantee, shall allow JTEDC reasonable access to its Junction, Texas facility during the term of this agreement and during normal business hours, for the purpose of verifying the existence of an ongoing business or any other concern.

Annual Review by JTEDC Board:

To occur during the January Board meeting of each year during this agreement.

JTEDC Liability Limitations:

Grantee specifically agrees that JTEDC shall only be liable for the actual amount of the money grants to be conveyed according to this agreement and JTEDC shall not be liable for any other actual or consequential damages, direct or indirect, interest, attorney fees, or cost of court for any act of default under the terms of this agreement. It is further specifically agreed that JTEDC shall only be required to pay the loan interest subsidy grant amount solely out of its sales tax revenue currently collected, allocated and budgeted and

JTEDC Liability Limitations (CONTINUED):

to be allocated, budgeted and collected for JTEDC during the term of this agreement. Payments to be made to Grantee shall require a written request from Grantee to be accompanied by all necessary supporting documentation. JTEDC shall have 15 days before making payment after receipt of such payment request. The payment request should be directed to Patricia Whitty, executive director, JTEDC, 730 Main Street, Junction, Texas 76849

Notice of Default:

JTEDC shall give Grantee written notice of any act of default by Grantee, and Grantee shall have thirty (30) days after receipt of the notice to cure the default. Failure by Grantee to timely and fully cure the act of default shall permit JTEDC to pursue all legal remedies provided by law and not specifically prohibited herein.

This agreement is performable in Kimble County, Texas, and jurisdiction and venue for any litigation will be in Kimble County, Texas.

Sole Agreement:

This agreement constitutes the sole and only agreement of the parties hereto, and supersedes any prior understandings or written or oral agreements between the parties.

EXECUTED on the _____ day of _____, 20__.

JTEDC President

Grantee:

(Signature of Grantee)

Print Name: _____

Title: _____

Business: _____