

**EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 309**

SUBJECT: RURAL ECONOMIC DEVELOPMENT PROGRAM

I. PURPOSE:

The purpose of the EECA Rural Economic Development program is to foster economic development and to improve public and emergency services by providing loans to businesses within the local area. Funding is provided through the USDA Rural Economic Development Loan and Grant Program. Loans are to fund facilities and equipment for emergency services, education, training, advanced telecommunications services, and computer networks that facilitate economic development, job creation, and the enhancement of public and emergency services.

II. POLICY

This policy establishes the lending parameters for a project-specific or revolving loan program financed through the USDA Rural Economic Development Loan and Grant Program (REDLG).

III. ELIGIBILITY

Businesses within the local area are eligible to apply for grants and/or loans under this program. All applications will be considered on a case-by-case basis.

IV. PROCEDURE

The EECA Board of Directors will have sole authority and discretion to approve grants and loans under this program. EECA staff shall be responsible for providing completed applications to the EECA Board of Directors and verify the following criteria has been met:

Evaluate compatibility with loan fund program's objectives, and is in accordance with all state and federal regulations and laws that apply to loans under the USDA Rural Economic Development Loan Program;

- Project's impact on the community;
- Evaluation of borrower's ability to repay debt, including credit worthiness of applicant and adequate collateral coverage;
- Leveraging of other funding sources;
- Job creation and/or retention;
- Viability of marketing and/or operating plan;
- Evaluation of project's probability of success;
- Project's readiness.

V. REPAYMENT AND FEES

The repayment of all funds associated with the EECA Rural Economic Development program will be defined in the agreements made with each individual party via a written agreement. Funding of projects, both via the Grant and the Loan programs, shall be consistent with the current rules and regulations set forth by USDA. Funding amounts may be adjusted on a case-by-case basis by the Board.

EGYPTIAN ELECTRIC COOPERATIVE ASSOCIATION
POLICY BULLETIN NO. 309

The EECA Board of Directors may elect to charge a nominal interest rate, based on the terms and conditions of the USDA funding program.

A servicing fee may be charged for any loans. The amount of the servicing fee will be no more than two percent (2%) per year of the outstanding principal loan balance on the first day of each year of the loan and will be used to cover EECA's administrative costs in connection with operation of the revolving loan fund program.

The loan recipient will reimburse the Cooperative for all loan closing costs and legal fees incurred in connection with said loan based on terms and conditions approved as part of the REDLG funding. The loan recipient shall also reimburse the Cooperative for any audit expenses incurred in connection with the said executed loan.

Repayment terms will not exceed ten (10) years in accordance with the USDA RED-LG program guidelines. The term options and loan repayment schedule will be determined on a project-by-project basis and follow the guidelines listed below;

The general guidelines for maturities will be:

- Building projects: ten years;
- Real estate: ten years;
- Equipment: five-to-seven years or the depreciable life;
- Working capital: one-to-three years.

VI. RESPONSIBILITY

EECA staff shall administer the loan fund program in accordance with all state and federal regulations and laws that apply to loans under the USDA RED-LG program.

The General Manager/Executive Vice President shall ensure implementation of this policy. It is the responsibility of all employees and the Board of Directors to comply with this policy and report concerns in accordance with this policy. The General Manager shall periodically review this policy.

Adopted: 12/18/2017
Amended: 05/28/2024

Attested: Paul Hicks, Secretary
Attested: Kevin Liefer, Vice President