



Alabama SAVES Commercial and Industrial Energy Revolving Loan Fund Terms for the Participating Loan Program

The following is an outline of the general business terms for the Participating Loan Program offered by ADECA's AlabamaSAVES Commercial and Industrial Energy Revolving Loan Fund ("AlabamaSAVES" or the "Program"). Under the Program, AlabamaSAVES is able to purchase a participating interest of up to 25% (the "Participating Interest") of a loan (the "Participating Loan") made by a third-party lender (the "Participating Lender") to an eligible business (the "Eligible Borrower") to fund eligible measures (the "Eligible Measures") with the interest rate charged on the Participating Interest being up to 2% below the interest rate charged by the Participating Lender on the Participating Loan. The following are key business terms of the offering. A Participating Lender should consult the *AlabamaSAVES Technical Guide* to determine the eligibility requirements of the Program, which can be found at the resources page of the Program's website at www.AlabamaSAVES.com. This is a term sheet only and is not binding and any terms and conditions of the Participating Interest in the Participating Loan will be set forth in definitive documentation between the Program and the Lender Participant.

Master Participation Agreement: The Program and Participating Lender will enter into a Master Participation Agreement (the "Master Agreement") which sets forth the definitive terms under which the Program will purchase a Participating Interest in a Participating Loan, with each such Participating Interest purchased being certificated and scheduled to the Master Agreement.

Nature of the Participating Interest: The Program's Participating Interest in the Participating Loan represents an undivided interest in the Participating Loan and is subordinate to the Lender Participant's position in the Participating Loan in the event of a default.

Amount of Participating Loan and Participating Interest: Each Participating Loan will be greater than \$100,000 and no more than \$4 million, with the amount of the Participating Interest being the lesser of 100% of the Eligible Measures being funded or 25% of the Participating Loan amount.

Terms of the Participating Loan: As documented between the Participating Lender and the Eligible Borrower, with the Program agreeing to such terms and documentation through the purchase of the Participating Interest. The Program will set an interest rate on its Participating Interest up to 2% below the interest rate on the Participating Loan.



Program Fee: The greater of \$1,000 or 2% of the amount of the Participating Loan will be charged as a Program Fee and payable by Eligible Borrower from proceeds at closing.

Compliance: The Borrower will comply with the Davis Bacon Act, and to the extent applicable, the National Historic Preservation Act and the National Environmental Protection Act. Work must not have started on any Eligible Measures before the Participating Loan funds.

Process for Submittal and Approval of Participating Interest: The following outlines the process by which an Eligible Borrower and Participating Lender apply for and receive a Participating Interest under the Master Agreement.

- 1) **Project Summary Worksheet:** Submitted by the Eligible Borrower or the Participating Lender along with supporting technical documentation in order for the Program to review the project and the measures so as to deem eligible under the Program's guidelines.
- 2) **Application for Participation:** Submitted by the Participating Lender to the Program once a project has been deemed eligible along with a copy of the Participating Lender's underwriting package for approving of the Participating Loan.
- 3) **Commitment Letter:** The Program's Loan Review and Governance Committee, of which ADECA has controlling vote, has 30 days to review and approve of an Application for Participation at which time the Program will issue a Commitment Letter to purchase the Participating Interest which is good for 60 days from the approval date.
- 4) **Participate Certificate and Funding:** After issuance of the Commitment Letter, the Participating Lender funds the Participating Loan and forwards the closing package to the Program, after receipt and review of which, the Lender Participant, the Borrower and the Program will execute a Participation Certificate and the Program will fund the Participating Interest.
- 5) **On-Going Servicing:** The Participating Lender services the Participating Loan and remits the Program's pro rata share of principal and interest payments based on its Participating Interest.

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