

## LOAN AGREEMENT

**THIS AGREEMENT** is entered into by and between <<borrowerlong1>>, a <<entity1>>, authorized to transact business within the State of Kansas, hereinafter referred to as the "Debtor", and the <<lendername1>>, located in <<city1>>, <<lendercounty1>> County, State of Kansas, hereinafter referred to as the "Lender". This Agreement will not become effective until all conditions placed upon the "Lender's" funding approval are satisfied and funds are released by its authorized agent, Great Plains Development, Inc., Dodge City, Kansas.

**WHEREAS**, the "Lender" has received a grant from the Kansas Center for Entrepreneurship, Inc., principally to benefit businesses by making a loan to private for profit entities.

**NOW THEREFORE**, in consideration of these promises and the mutual covenants and promises set forth below, the parties to this agreement hereby agree as follows:

(1) **LOAN.**

- (a) The "Lender" shall lend to the "Debtor" the sum of <<(amount)8>> dollars (\$<<amount8>>). The loan shall be evidenced by the Note attached to this agreement as Exhibit "A" and incorporated herein.
- (b) Each draw down request must be accompanied with invoices, purchase orders and/or detailed listing for the use of funds. Thirty percent (30%) of the loan funds will not be released by Lender's authorized agent until all servicing requirements are met by the "Debtor".
- (c) No further advances will be made after the funds loaned have reached <<(amount)8>> dollars (\$<<amount8>>) or <<advancedeadline1>>, whichever comes first. Any extensions of time shall require (1) "Debtor" to certify that since the date of the application there has been no unremedied substantial adverse change in the financial condition of the "Debtor", or their ability to repay the project financing, including the note; and (2) "Debtor" has supplied the "Lender" accurate financial statements current within thirty days of extension request and (3) "Lender's" approval of a specific extension of time.

(2) **USE OF PROCEEDS.**

The "Debtor" shall utilize the funds in such amounts and for such purposes as are set forth in the "Debtor's" application or amendments thereto. In the event that the needs of the "Debtor" in seeking to fulfill the project objectives require modification of the projected expenditures in an amount greater than 10% in any particular budget category, the "Debtor" shall advise the "Lender's authorized agent" of such modification, recognizing that in no event shall the total loaned funds exceed the amount established under paragraph (1) above.

(3) **REPAYMENT.**

The entire loan proceeds shall be used by the "Debtor" for <<useofproceeds1>> as determined by the "Debtor's" application, and shall be repaid in <<(termmonths)8>> (<<termmonths8>>) equal, consecutive monthly installments. The interest on such proceeds at the rate of <<ratespelled8>> (<<rate8>>%) per annum shall begin to accrue on the date of the first draw-down to the Loan Agreement. There shall be no principal payments for the first three (3) months, the first month is the month following the date on this Loan Agreement. Interest payments shall be made on a monthly basis beginning on the first day of the month following the date of the first draw-down to the loan. The first

principal and interest payment shall be payable on the First Day of <<firstpmtdateyear1>>. Payments shall be made to "Lender" to repay both principal and interest as herein defined.

(4) **SECURITY.**

The "Debtor" shall have executed and delivered, to the "Lender", a Security Agreement and Financing Statements in a form satisfactory to the "Lender" giving the "Lender" security in all of the personal property acquired with the Loan proceeds and all other personal property pledged as collateral for the loan as more particularly described in the Security Agreement attached hereto. Said Security Agreement and Financing Statements are given by the "Debtor" to "Lender" to secure payment of the principal of the Note, the interest thereon, and all other sums due and payable by "Debtor" to "Lender" hereunder.

The "Debtor" shall have executed and delivered to the "Lender" a real estate mortgage in a form satisfactory to the "Lender" giving the "Lender" a mortgage interest in the real estate acquired as a part of this transaction. Said mortgage given by the "Debtor" to "Lender" to secure payment of the principal of the note, the interests thereon, and all other sums due and payable by "Debtor" to "Lender" hereunder.

The collateral described in the Security Agreements and Financing Statement shall be free and clear of all prior liens, mortgages, pledges and encumbrances of any kind whatsoever except as follows:

Filed with the Secretary of State, State of Kansas:  
<<uccfilingsatstate1>>

Filed with the Register of Deeds, Barton County, Kansas:  
<<uccfilingsatcounty1>>

With respect to any such mortgages, or security interests which are prior to the rights of "Lender" in the collateral securing the Loan, "Debtor" shall obtain from any such prior creditors an Estoppel and Subordination Agreement in a form satisfactory to the "Lender" stating that any such prior creditor shall not lend or advance any additional money to "Debtor" in excess of the amount owed by "Debtor" to such creditor as of the date of the execution of this Loan Agreement without the written consent of the "Lender".

The "Debtor" agrees to execute all documentation required to properly grant and perfect such security interest.

The "Debtor" further represents and warrants that <<borrowerlong1>> is the legal name of the "Debtor" and <<borrowerstockholders1>> are the legal names of the members of the "Debtor". "Debtor" will notify the lender of any name changes.

(5) **TAXES AND INSURANCE.**

(a) **Taxes.** The "Debtor" shall promptly pay all property taxes when due on the property to be given as security pursuant to this Loan Agreement.

(b) **Insurance.** The "Debtor" shall insure the property to be given as security with companies acceptable to the "Lender", for the term of the loan against such casualties and in such amounts as the "Lender" shall require. All such policies shall be written for the benefit of the "Debtor" and the "Lender" as their interest may appear. All such policies shall provide at least 10 days prior written notice of cancellation to the "Lender". The "Debtor" shall maintain life insurance on <<lifeinsindividuals1>> for the term of the loan in the amount of <<(amount)8>>

dollars (\$<<amount8>>). The "Debtor" will assign the amount of insurance to the "Lender" and submit an acknowledged copy from the insurance company of the assignment.

- (c) **Hold Harmless.** "Debtor" agrees to hold "Lender", <<lendername1>> of <<city1>>, Kansas, harmless for any and all claims made as or associated with "product(s) liability" as traditionally defined. "Lender" hereby puts all persons, corporations, companies, associations and entities of any kind on notice that "Lender" is in no way associated with "Debtor's" business or the manufacture of "Debtor's" products or the products used in the manufacture of "Debtor's" products.
  - (d) **"Lender's" Remedy.** If the "Debtor" either fails to so pay any taxes due or fails to maintain such insurance coverage the "Lender" may, at its option: (1) declare the loan in default, and/or (2) pay such taxes or insurance premium and add such amounts to the other amounts owed by the "Debtor".
- (6) **PROJECT.** The "Debtor" shall:
- (a) Carry out the project as described in the application submitted to and approved for funding by "Lender" as amended, during that period commencing with the performance date of <<performancedates1>>.
  - (b) Continue operation of <<borrowerlong1>> within Barton County, State of Kansas.
- (7) **COMPLIANCE WITH LAW.** The "Debtor" shall operate its facility in full compliance with applicable federal, state and local laws including, without limitation, federal laws relating to equal employment opportunity and occupational health and safety and County and/or City ordinances.
- (8) **AVAILABILITY OF RECORDS.** Prior to closing, Borrower shall furnish in writing to Lender's authorized agent a description of its bookkeeping system, chart of accounts and any other systems to be utilized by Borrower in maintaining financial records. Borrower agrees to make any changes to said systems as Lender may request prior to or subsequent to closing. Borrower agrees to maintain its financial records in accordance with its disclosure and Lender's requests during the term of the loan. All of such records shall also be maintained in accordance with generally accepted accounting principles consistently applied.

In addition, the Borrower agrees to deliver to the Lender's authorized agent monthly financial statements including Balance Sheets, Profit & Loss Statements and Cash Flow Statements throughout the course of the loan certified by an authorized officer of the Borrower to be true and accurate copies within fifteen (15) days of the close of the period and an annual financial statement, prepared by an independent accountant and certified by an authorized officer of the Borrower to be true and accurate copies within ninety (90) days of the close of the period. Lender may waive the monthly requirement after the first year or at any time following the first year at which Lender determines that the business is performing in a sufficiently successful manner to warrant that financials be required only on a quarterly and annual basis. The Lender retains the right to request at the Borrower's expense audited statements from the Borrower. Borrower agrees to meet with Lender's authorized agent upon request, for the purpose of reviewing and discussing the monthly and annual financial information. Such meetings shall be held at a place designated by the Lender's authorized agent.

The Borrower acknowledges that failure to maintain and furnish financial records as herein agreed upon and failure to meet with Lender regarding said records as herein agreed upon shall be considered an "Event of Default".

The Borrower further agrees to provide job retention or creation data to the Lender every six (6) months during the period of the loan.

- (9) **COSTS AND EXPENSES.** The "Debtor" acknowledges that all cost associated with obtaining and securing the loan shall be paid by the "Debtor", including, but not limited to the following:
- (a) Packaging & closing fees
  - (b) Recording fees
  - (c) Security Interest filing fees
  - (d) Mortgage filing fees
- (10) **PREPAYMENT.** The "Debtor" reserves full right of prepayment at any time during the term of the loan, without penalty. In the event of such prepayment in full, the "Lender" shall promptly release all property given as security for the loan.
- (11) **OFFICER'S COMPENSATION.** The "Debtor" will not pay annual compensation except normal monthly wages, directly or indirectly, to its officers or directors during the term of the loan without prior written approval of the "Lender".
- (12) **NETWORK KANSAS'S BIZ-TRAKKER PROGRAM.** Borrower understands that the funds loaned from Lender are provided through the Kansas Center for Entrepreneurship, Inc. E (Entrepreneurship) Community Award Program and that The Center (NetWork Kansas counselors) will contact the borrower approximately six months from the time of close to obtain updated information on their business.
- (13) **AUTHORIZED AGENT.** The Lender's Authorized Agent will serve as the direct contact with the business and be responsible for all tasks associated with creating loan documentation, closing all loans, collecting and depositing payments into the <<lendername1>> account and all servicing actions throughout the period of the loan.
- (14) **APPLICABLE LAW.** This loan agreement constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of Kansas.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

"Lender"

<<lendername1>>

By: \_\_\_\_\_  
[Name], President

(SEAL)

ATTEST: \_\_\_\_\_  
[Name], Secretary

"Debtor"

<<borrowerlong1>>

By: \_\_\_\_\_  
<<fullnametitle16>>

(SEAL)

By: \_\_\_\_\_  
<<fullnametitle17>>