

**Eligibility for Emerging Contractors**

<p>Definition of Emerging Contractor</p>	<ul style="list-style-type: none"> <li>• 2 years in business OR consider personal experience of borrower at discretion of community lender, must be able to prove related experience to projected projects and at least 1 year in business unless a successor of an existing business, if a successor must prove experience of managing the prior business or directly related business</li> <li>• has financial statements 1 – 2 years historically</li> <li>• Awarded bids and/or contracts that demonstrate 12-month work projections</li> <li>• AR/AP listings based on RFP or project schedule</li> <li>• Experience - historical projects and/or future contracts             <ul style="list-style-type: none"> <li>- For LISC home repair completed through the city → 3-5 completed projects including references OR sponsor in form of larger contractor or institutional organization that vouches for them with letters of support</li> <li>- License through state of Michigan, any outstanding liens, etc.</li> <li>- May have a passive guarantor with around 5-10% ownership to cover risk in case of job failure (who cosign and will repay loan)</li> <li>- Additional collateral pledged to mitigate risk</li> </ul> </li> <li>• Staffing and management team composition – at least 2 (office &amp; field) in addition to business development</li> </ul>
<p>Borrower attestations</p>	<p>Loan Applicant and any Business Owner with more than 20% [or majority owner] ownership must attest that:</p> <ul style="list-style-type: none"> <li>• It has been in business for at least one year as of the date of the Loan application             <ul style="list-style-type: none"> <li>○ OR it launched this year and can demonstrate viability</li> </ul> </li> <li>• It is not making false claims</li> </ul>
<p>Target Population</p>	<p>Detroit residents, undercapitalized, % ownership considerations with at least 50%</p>
<p>Operations</p>	<ul style="list-style-type: none"> <li>• Early stage residential and/or commercial contractors with proven experience operating in Detroit and Headquartered in Detroit and/or with multiple active or future projects in Detroit and employing Detroit residents</li> <li>• This may be verified by the Loan Applicant's tax return.</li> </ul>
<p>Documentation required from the Applicant / Contractor</p>	<p>Applicants seeking capital via an MCCF loan should plan on providing the following documents at a minimum:</p> <ul style="list-style-type: none"> <li>• Schedule of ownership (name, address, SS#, percentage ownership, photo ID for any owners with more than 20% ownership), if applicable</li> <li>• Executed Attestation Certificate</li> <li>• Description of upcoming projects/RFP-RFQ</li> <li>• Personal guaranty</li> <li>• Evidence of organization's legal formation</li> <li>• Good Standing</li> <li>• Additional documents as needed by each lender</li> </ul>

(Note – participating local Detroit lenders may ask Applicants for additional documentation during the loan underwriting process.)

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| Personal Guaranty /<br>Credit Check | <ul style="list-style-type: none"> <li>• Personal guaranty and credit check, signature required by each owner with greater than 20% ownership</li> <li>• Background check</li> <li>• Last Bankruptcy 7 years ago</li> <li>• Reference checks</li> <li>• Mechanical liens</li> <li>• Dunn &amp; Bradstreet</li> <li>• Experian Business Report</li> <li>• Better Business Bureau</li> <li>• Contractor registered with the Michigan Attorney General</li> </ul> |
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Priority contractor businesses	CDFIs will prioritize businesses in industries that are bidding or working on projects to improve the neighborhoods of the city of Detroit.
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| Loan applicant<br>demographic data | <p>At the closing of any Eligible Loan, the Originator shall include the following queries of the Loan Applicant/Business Owner for optional or voluntary disclosure:</p> <ul style="list-style-type: none"> <li>▪ Race or ethnicity</li> <li>▪ Gender</li> <li>▪ Veteran status</li> <li>▪ Disabilities</li> <li>▪ Low-mod Income</li> </ul> |
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