

**LOI**



**2024-03-21**

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### **Appendices:**

Appendix A: Financial Statements

*Add other appendixes as applicable*

## 1. Term Sheet

**Borrower:**

**Borrower Address:**

**Loan Amount:** \$\_\_\_\_\_

**Purpose of Loan:**

**Term of Loan:** \_\_\_\_ months

**Repayment Terms:** *e.g. interest-only period, amortization, balloon payment, etc.*

**Interest Rate:** \_\_\_\_% *per annum*

**Collateral:**

**Loan Fee:** 2.0% of loan amount

**Other Terms:** *List any key closing conditions, monitoring requirements, etc, if applicable – besides standard LEAF terms*

## 2. Executive Summary

*Approximately 1-page summary of project and financing request.*

### **Sources & Uses of Funds**

Sources		Uses	
<b>Total Sources</b>	<b>\$_____</b>	<b>Total Uses</b>	<b>\$_____</b>

### **3. Company Background**

*Describe company history, products & services, key individuals involved, etc.*

## 4. The Project

*Describe the current project for which funds are being sought, including:*

- *Fit within company's overall strategy & growth trajectory (e.g. expansion, start-up, restructuring, etc)*
- *Specific uses of funds*
- *Other sources of project funding, and the relationship with LEAF's loan*
- *Timeline*

## **5. Market & Competitive Environment**

*Description of market conditions, including:*

- *Definition of Borrower's core trade area and target customers*
- *Identification of key competitors, and Borrower's relative strengths & weaknesses*
- *Overall trends in Borrower's sector*

## **6. Management & Board of Directors**

*Analysis of Borrower's management capacity and governance structure, including:*

- *Management's background and experience (consider attaching resumes as appendix)*
- *Staffing structure*
- *Board of Directors composition and background (consider attaching Board bios as appendix)*
- *Summary of cooperative governance practices, if applicable*
- *Other professional support & partnerships (e.g. consultants / TA providers, legal counsel, bookkeeping, etc)*



## 7. Social Impact

*Discussion of Borrower's social impact, including:*

- *Number of jobs to be created, and job quality (e.g. starting wages, worker-ownership opportunities)*
- *Borrower's diversity & equity commitments*
- *Direct community impact of Borrower's core activities, and other ways it "gives back"*
- *Sector-specific considerations:*
  - *Food Coops & Grocery: Local food sourcing, healthiness & affordability of offerings, accept SNAP & WIC?*
  - *Housing borrowers: # of units to be created or rehabbed, affordability level / income restrictions (as % of AMI)*
  - *Worker Coops: Discussion of worker-ownership opportunities and wealth creation potential*
- *Community demographics (e.g. is the borrower in a food desert, high-poverty tract, CDFI investment area, etc)*

## 8. Collateral

*Description of the assets available to secure the loan, including:*

- *Type of assets (real estate, equipment, etc.)*
- *Collateral value, and source of valuation (appraisal, book value, at-cost, etc.)*
- *Prospects for liquidation*
- *Mechanism for perfecting lien (mortgage, UCC-1 financing statement, etc.)*
- *If loan is personally guaranteed, discuss guarantor's credit history and financial condition*
  - *Note: most loans to cooperative borrowers will not have a personal guarantor*

*Note: Delete inapplicable rows from table*

<b>Collateral Type</b>	<b>Value</b>	<b>Discount Rate</b>	<b>Discounted Value (Value * Discount Rate)</b>
Cash (controlled account)		100%	
Real Estate		80%	
Equipment – new, <i>or</i> appraised liquidation value		75%	
Equipment – used		50%	
Vehicles		50%	
Furniture & Fixtures		30%	
Accounts Receivable		10%	
Inventory		10%	
<b>Total</b>			
Total Loan(s) Amount			
<b>Loan-to-Value (LTV) ratio</b>			____ %

## 9. Financial Analysis

*Discussion of Borrower's financial performance and implications for loan repayment, including:*

- *Cash Flow: Sales performance & trends, expense breakdown, margins & profitability, debt coverage ratio*
- *Balance Sheet: Capitalization & leverage ratio, liquidity (e.g. current ratio, months of working capital on-hand)*
- *Assumptions underlying forward projections*
- *Comparison of financial metrics to industry benchmarks, for example:*
  - *Food coops: Gross margin, sales per retail square foot, personnel expense as % of sales*
  - *Housing: Vacancy & collection loss, capital replacement reserves*
- *Key sensitivities, and implications for debt service*

## **10. Risk Analysis**

*List summary of key strengths and risk factors in bullet-point form*

### **Analysis - Positive Factors**

### **Analysis - Risk Factors**

## **11. Recommendation**

We recommend approval of the credit as outlined on the Term Sheet.

## **Appendix A-1: Profit & Loss**

## **Appendix A-2: Balance Sheet**

## **Appendix A-3: Cash Flow Statement**

## **Appendix B:**