

No Small Potatoes Investment Club
Criteria for Making No Small Potatoes Loans

A. Mission Related Criteria: The goal of the No Small Potatoes Investment Club is to strengthen Maine's local food economy by making small loans to farms, fishermen and food businesses to help them thrive. We will favor businesses that:

1. Source their inputs primarily from Maine farms or fisheries or otherwise promote the economic viability of Maine farms and fisheries,
2. Advance sustainable practices, and
3. Seek to innovate.

In addition to farms, examples of food businesses we have supported include a tofu maker, a tempeh maker, a butcher, an on-line farmer's market, and a composting business. We will look favorably on applications from farm and food businesses that address larger social issues of hunger and public health.

B. What We Fund: We will generally make loans of \$10,000 or less at 5% for terms of up to three years, although we will consider other requests. We are most interested in making loans for equipment or special projects that will help a farm or food business operate more efficiently and/or support growth. We expect that the borrower will clearly show how the equipment or project will affect the borrower's business and whether the project will be successfully completed using the NSP loan by itself or in conjunction with other funding. We will consider working capital loans, especially those that lower costs. We will generally not fund start-up businesses.

C. Financial Strength of the Candidate: We are looking for applicants with good business practices and sufficient cash flows to support the loan. Strong applicants will provide the following:

1. A business plan, narrative, or financial information including:
 - a. Profit and loss statements for the previous year and projections for the current or upcoming year;
 - b. Evidence that the business has sufficient cash flow to pay back the loan under the terms we negotiate;
 - c. Evidence that the business is growing, has the potential to grow, or is on a path towards profitability;
 - d. Info about the market and competition.
2. Credit references
3. Trade references (suppliers or customers)
4. Tax returns for prior year
5. Current and past debt history

D. About Us: We are a group of individuals using our own resources to fund loans. We live all over the state (from Caribou to Kennebunk), shop at farmers' markets, and purchase CSA shares, and some of us run food businesses. In addition to doing our due

diligence in reviewing loan applications, we often seek input from, amongst others, Coastal Enterprises, Crown of Maine and Maine Organic Farmers and Gardeners Association (MOFGA).

E. About our Loan Program: We now accept applications on a rolling basis and suggest deadlines to help us consider applications in batches. Applicants will hear from us within 2 – 3 weeks of submitting an application to discuss the loan application and arrange a site visit. We do our best to make decisions on loan applications within six weeks of receiving a complete application. For further information, please contact Sally Madore at walkermadore@myfairpoint.net or visit our website: www.nosmallpotatoesinvestmentclub.com.

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