HOW THE SMALL BUSINESS FORGIVABLE LOAN PROGRAM WORKS

Company meets statutory requirements

- -Activity will not occur, or will occur in a materially different way except for the incentive
- -Company/project meets guidelines
- -Company has <50 employees

VEPC staff reviews and assesses applications for VEGI eligibility and sends eligible applicants to VEDA for loan approval.

VT Economic Progress Council

Vermont Economic Development Authority

VEDA approves loan

VEPC authorizes company to earn a forgivable loan of $1,000,000.

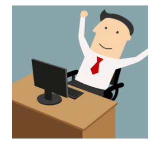
VEDA issues loan

Company does project because of the loan

5 YEAR LOAN PERIOD

Company pays interest to VEDA on $1MM loan for 5 years

NEW EMPLOYEES: 20 new employees



20 new jobs at $5,000 per new eligible employee = $100,000 of forgivable loan amount

MACHINERY & EQUIPMENT INVESTMENTS: $1.5MM

20% of this capital investment = $300,000 of forgivable loan amount

FACILITY IMPROVEMENT INVESTMENTS: $3MM

20% of this capital investment = $600,000 of forgivable loan amount

Company claims all targets met and requests loan forgiveness

VEDA verifies capital investments. Targets met?

Yes

No

Department of Tax verifies new employees and payroll. Targets met?

Yes

No

LOAN FORGIVEN

The Department of Tax repays VEDA for the $1,000,000 principal of the loan if all targets are met

If targets are not met or the project does not occur, the loan turns into a conventional loan between the company and VEDA

$350,000 in loan loss reserves in case of non payment of loan.