

# Burke Business Loan Program

Valdese Economic Development Investment Corporation  
(828)874-6731 - P.O. Box 1225 Valdese, North Carolina 28690

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## **BBLP Loan Agreement**

This Agreement made and entered into as of this \_\_\_\_ day of \_\_\_\_, \_\_\_\_, by and between the Valdese Economic Development Investment Corporation, Inc. Burke Business Loan Program, hereinafter referred to as VEDIC BBLP, and \_\_\_\_\_, hereinafter referred to as the Borrower.

Whereas, the Borrower is the owner of a commercial enterprise operating within Burke County, North Carolina; and

Whereas, the Borrower has properly applied for a VEDIC BBLP loan to assist in enabling the Borrower to establish or expand a business or retain jobs in Burke County, NC; and

Whereas, VEDIC BBLP has determined through review of the Borrower's application for a VEDIC BBLP loan that the Borrower qualifies for a loan from the VEDIC BBLP; and

Whereas, the objectives of the VEDIC BBLP include increasing economic opportunity in Burke County, NC and strengthening the Burke County business sector by providing loan funds to small businesses in Burke County with VEDIC BBLP resources, as well as creating partnerships with local commercial banks and other private sector lenders and investors; and

Whereas, the Borrower has requested that VEDIC BBLP make available a loan for said financing on the terms and conditions hereafter set forth.

Now, therefore, be it mutually agreed as follows:

1. VEDIC BBLP agrees to disburse to the Borrower an amount of \$\_\_\_\_\_ according to the Loan Disbursement Schedule outlined in Attachment A.
2. Borrower agrees to expend loan funds only for the purpose(s) identified in the Borrower's VEDIC BBLP application. The Loan Application and supporting documents are incorporated into this agreement as Attachment B.
3. Borrower agrees to repay the loan principal and interest, at an annual rate of \_\_\_%, as specified in the Promissory Note incorporated into this Agreement as Attachment C.
4. If collateral is required, a list of collateral property along with appropriate evidence of ownership is included as Attachment D. During the term of this Agreement, the Borrower shall not sell, transfer, hypothecate, liquidate, pledge or otherwise encumber the Collateral without the prior written consent of VEDIC BBLP; provided however, that nothing herein shall prohibit the Borrower from selling inventory in the ordinary course of business.
5. An Event of Default under this Agreement includes any of the following:
  - a. The Borrower's failure to pay, within 10 calendar days following the due date, any of the principal payments or interest due under this Agreement.
  - b. The Borrower's failure to comply with or perform any of its other obligations under this Agreement and such default is not cured within thirty (30) days after written notice to the Borrower.
  - c. Any act by the Borrower amounting to a business failure, and any act by the Borrower

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- resulting in the business closing its facilities in Burke County, North Carolina.
- d. Any material misrepresentation with respect to the Borrower's warranties and representations under this Agreement or the Loan Application.
  - e. The Borrower's failure to operate the business described in the application and for which the loan was made (the business) on a fulltime basis.
  - f. The Borrower's transfer of majority ownership interest in or control of the business to a third party.

Upon the occurrence of any Event of Default, as defined above, VEDIC BBLP may, without further written notice, declare the Borrower in default, terminate this Agreement effective immediately, and accelerate and declare the principal balance, interest accrued and any other amounts owed by the Borrower hereunder immediately due and payable.

6. VEDIC BBLP may require that any dispute arising from or relating to this loan agreement be submitted to arbitration pursuant to this paragraph. All arbitrations shall occur at a location in Burke County, North Carolina chosen by the arbitrator(s) and shall be conducted pursuant to the Revised Uniform Arbitration Act, Article 45C of the North Carolina General Statutes, as in effect at the time of the arbitration. If VEDIC BBLP desires such arbitration, VEDIC BBLP shall give notice to that effect the Borrower. VEDIC BBLP and the Borrowers shall attempt to agree upon a single arbitrator to hear the matter. If VEDIC BBLP and the Borrowers are unable to agree upon an arbitrator within fifteen (15) days after notice of arbitration is given, VEDIC BBLP and the Borrower shall each nominate and appoint one (1) arbitrator with recognized expertise in the subject matter of the arbitration within twenty (20) days after such 15-day period has expired. If either party fails to timely nominate an arbitrator, the other may request that a Burke County Resident Superior Court Judge appoint the second arbitrator instead of the failing party. Within twenty (20) days of the appointment of the two arbitrators, such arbitrators shall select a third arbitrator with recognized expertise in the subject matter of the arbitration and give written notice of such selection to VEDIC BBLP and the Borrower. In the event the two arbitrators fail to appoint or agree upon a third arbitrator within such 20-day period, a third arbitrator shall be selected by VEDIC BBLP and the Borrower if they so agree upon such third arbitrator (within a further period of ten (10) days). If VEDIC BBLP and the Borrower cannot agree upon the third arbitrator, VEDIC BBLP or the Borrower shall request that a Burke County Resident Superior Court Judge do so. The decision of the arbitrators so chosen shall be given within a period of five (5) days after the conclusion of the hearing. The decision in which any two (2) arbitrators so appointed and acting hereunder concur shall in all cases be binding upon and conclusive upon the parties and shall be basis for a judgment entered in any court of competent jurisdiction and shall be a valid, enforceable and irrevocable decision under North Carolina General Statutes §§1-567.1-1-567.20. The fees and expenses of the arbitration shall be apportioned to VEDIC BBLP and the Borrower in such manner as decided by the arbitrators. VEDIC BBLP and the Borrower may at any time by mutual written agreement discontinue arbitration proceedings and themselves agree upon any such matter submitted to arbitration.

