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## Memorandum

**To:** Joint Minerals, Business and Economic Development Interim Committee  
**From:** Josh Dorrell, CEO  
**Subject:** Challenge Loan Report  
**Date:** May 11, 2022

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### **W.S. 9-12-306. Audit; report**

(b) On or before July 15 of each year, the council shall submit a written report to the Joint Minerals, Business and Economic Development Interim Committee reviewing rules adopted by the council during the reporting period, presenting a portfolio of the loans made under the program and presenting a risk analysis of the portfolio of loans prepared by the state banking commissioner. The report, portfolio of loans and risk analysis required under this subsection shall be public record. The risk analysis prepared by the state banking commissioner shall not be subject to the limitations of W.S. 9-1-512.

#### **Exhibit A – Rules adopted by the council during the reporting period**

- Updated Challenge Loan rules/policy were promulgated on December 5, 2019

#### **Exhibit B – Portfolio of loans in the program as of 12-31-21**

- No loans were originated during 2021

#### **Exhibit C – Report of Examination by the State of Wyoming, Department of Audit Division of Banking**

- The WBC is administrating the loans it has funded under the Program in a satisfactory manner. No exceptions of any kind were found on the last exam completed in April of 2022 for calendar year 2021.

#### **Exhibit D – Wyoming Business Council Loan Report of Examination Summary and Management Corrective Actions**

- The Challenge Loan Program has made or participated in 267 loans since 1998
- Total loans have been \$74,069,391 with the State's portion being \$36,518,398
- Interest collected over last 21 fiscal years (2000–6/30/2021) totals \$5,675,000
- Estimated jobs created or retained of 768

#### **Exhibit E – Cumulative Loan Loss & History of Challenge Loan Portfolio**

- 15 loans totaling \$959,768 have been charged off (2.6% loan loss – of State's portion)
- **When combined with interest collected over same period, the Challenge Loan Fund has earned \$4,715,232; averaging \$224,535 per year while operating in a low-interest rate environment for 14 of the 21 years.**

## **Exhibit “A”**

### **Rules adopted by the Council during the reporting period**

**Included in this report are the most recently adopted rules/loan policy approved by the Council December 5, 2019.**

# **Wyoming Business Council**

## **Loan Policies and Standards**

**(as of December 5, 2019)**

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# **GENERAL POLICY**

## **1.1 Introduction**

Loan standards and procedures that are uniform throughout the Wyoming Business Council (WBC) are necessary for quality control to ensure good, consistent service to our borrowers, and fiduciary responsibility to the State of Wyoming and the Federal Government. Uniform standards will allow the WBC to be familiar with the normal requirements for each type of loan in our portfolio.

The Board of Directors, in making loans and providing direction to other Council personnel and Service Organizations engaged in the preparation, administration and safekeeping of loan documents, shall be guided by the following Loan Policy and Standards as adopted by the Board of Directors.

The basic loan policy of the Wyoming Business Council is to provide financing to business entities and communities in the State of Wyoming in an effort to promote economic development within the state and to service the loan portfolio in a responsible manner. Financing provided by the Council is intended to be an alternative and/or complement to existing commercial financing sources that are available, not as the primary lending source. All loans, with the exception of Business Ready Community (BRC) loans, should be made in anticipation of transitioning the borrowing needs from the Wyoming Business Council to commercial sources.

The provision of finance at below-market interest rates, when viewed in terms of a risk adjusted return basis, should be done only when necessary to assist/incite businesses expanding or relocating to Wyoming. The Wyoming Business Council believes companies that have been financed by the Council, with the exception of BRC loans, should ultimately be financed by the private sector. Therefore, when the WBC is providing a loan, the loan terms should be structured to build in interest rate increases over time, in order to make the WBC loans similar to those provided by commercial lenders, and thereby encourage a refinancing.

The Board of Directors realizes the lending of money by the Council necessarily includes some business risk and some losses are to be expected. It is the policy of this Board of Directors to maintain a reserve for future loan losses. Loans, with the approval of the Board of Directors, may be charged off only after such loans have received maximum collection effort.

## **1.2 Loans Not Considered Desirable**

The following loans are not considered desirable for the purpose of the WBC. Such loans will ordinarily be declined unless specifically approved by the Board for reasons that justify an exception to this policy.

- (1) Loans that do not promote economic development within the State of Wyoming.
- (2) Real estate mortgage loans secured by proceeds of the settlement of an estate, unless these loans are fully collateralized or guaranteed by the estate and approved by the Council's attorney.
- (3) Loans secured by stock in a closed corporation which has no ready market.
- (4) Loans secured by restricted or lettered stock.
- (5) Capital loans to a business enterprise in which the loan cannot be repaid within a reasonable period except by borrowing elsewhere or by liquidating the business.
- (6) Unsecured loans.

### **1.3 Appraisal Program for Loans Involving Real Estate**

Appraisals shall be performed by a qualified, independent fee paid appraiser selected by the WBC or lead lender who is competent and knowledgeable of the relevant markets. The WBC does not favor appraisers from one or more councils or exclude individuals based on their lack of such membership. The appraisal policy will be based on compliance with Part 323 of Federal Deposit Insurance Corporation Rules and Regulations on transactions with a value of \$250,000 or more. This regulation identifies which transactions by financial institutions require an appraisal by a certified or licensed appraiser.

The appraisal should conform to the Uniform Standards of Professional Appraisal Practice (USAP) adopted by the appraisal standards Board of the Appraisal Foundation. For transactions that are otherwise exempt from appraisal requirements, an appropriate evaluation of the real property will be performed. However, prudent lending standards still require such loans and other real estate related transactions be supported by adequately prepared estimations of collateral value. An independent appraisal is one in which the appraiser is not involved in the loan.

The appraisal performed by an independent appraiser must reflect a value and an analysis as to how the value is determined. Any deviation from this policy will also be based on compliance with Part 323 of Federal Deposit Insurance Corporation Rules and Regulations. If a real estate loan is renewed, a new appraisal is not required if:

- (1) The borrower has performed satisfactorily according to the original terms.
- (2) No additional money has been advanced other than as previously agreed.
- (3) The credit standing of the borrower has not deteriorated.
- (4) There has been no significant deterioration in market conditions or physical aspects of the property that would threaten the collateral protection.

Part 323.3(b) of the FDIC Rules and Regulations requires appropriate evaluations for real estate-related transactions that do not require the services of a state certified or licensed appraiser.

In the event an appraisal is not required for a transaction involving an existing extension of credit, an evaluation may be obtained, provided that:

- (1) There has been no obvious and material change in market conditions of physical aspects of the property that threatens the adequacy of the institution's real estate collateral protection after the transaction, even with the advancement of new monies; or
- (2) There is no advancement of new monies, other than funds necessary to cover reasonable closing costs.

In the case of a BRC loan, an appraisal may be waived in accordance with BRC rules.

### **1.4 Environmental Risk**

Loans to be secured by real estate must be carefully examined for possible environmental risk through an environmental review that will be completed prior to loan processing.

The WBC should focus on hazardous construction materials (e.g. lead paint, asbestos), hazardous waste storage sites, leaking drums, retention ponds, discolored vegetation, underground storage tanks, and adjacent properties.

Any evidence of environmental contamination will require a more detailed assessment; the results of which may dictate the borrower remediate the hazardous waste before closing the loan. In addition, during the due diligence process prior to making the loan, the WBC's Business Finance Program Manager should determine if the borrower shall execute warranties and indemnifications at the closing as to the property's environmental condition and proposed use.

A questionnaire is attached.

### **1.5 Repayment Terms**

All loans should have a realistic repayment plan. The maturity of the loan should be related to the anticipated source of repayment, cash flow of the borrower, purpose of the loan, the useful life of the collateral and be consistent with State Statutes.

Collateral does not repay loans; cash flow repays loans. The collateral package provided as security should reflect the source of repayment. At all times, the collateral should be sufficient to adequately protect the commercial lender from a decline in market value. Substantial collateral does not alone justify an extension of credit.

### **1.6 Guaranty of Loans**

It is the policy of the WBC that all loans to closely held companies will be guaranteed by the principals of the company. Where this requirement is waived, it must be substantiated by the financial strength of the company and documented in the credit file. Any deviation from this policy must have the prior approval of the Board.

### **1.7 Loan Authority**

All loan requests under the Challenge Loan program are to be submitted to the Business Contract & Loan committee, and ultimately to the Board for final approval.

All loan requests under the Business Ready Community program are to be submitted to the Community Development committee and ultimately to the Board for recommendation to the State Loan and Investment Board (SLIB) for final approval.

All presentations to the Board will include at a minimum the following information as applicable:

- (1) Borrower's name
- (2) Business/project description and purpose of the loan request
- (3) Amount of loan
- (4) Term of loan
- (5) Proposed interest rate
- (6) Economic development benefits to the State of Wyoming
- (7) Total repayment program
- (8) Financial information and analysis demonstrating an ability to repay the loan
- (9) Risks and mitigants

- (10) Proposed guaranty(s)
- (11) Proposed collateral
- (12) Value of collateral
- (13) Terms and conditions of the proposed loan agreement, including covenants

## **1.8 Underwriting Guidelines**

The WBC may impose loan terms, conditions and covenants in order to monitor loan performance and economic development. Examples of those terms, conditions, and covenants, which would be established on a loan-by-loan basis may include:

- (1) No dividends or other shareholder distributions, except for loans with S-Corporations and partnerships whereby income taxes are assessed at the shareholder level. Those distributions will require prior approval by the WBC.
- (2) Limitations on shareholder salaries and increases in shareholder salaries.
- (3) Restrictions on additional indebtedness, salary increases, capital expenditures.
- (4) Restrictions for lease payments for the use of property and equipment owned by affiliated entities.
- (5) Pre-established ratios and other specifically identified measurement requirements.
- (6) Periodic reports, including financial statements and other reports deemed necessary to monitor the operations of the business and the economic development impacts within the State of Wyoming.

Under the Challenge Loan programs, maximum loan to value shall not exceed 85%, unless otherwise specified, however a borrower may desire to finance 100% of the project cost and may provide additional collateral in lieu of cash down payment.

## **1.9 Loan Administration**

The WBC shall prepare a credit application/memorandum to the credit file for each type of loan. The credit application/memorandum will be in writing and will cover the following points:

- (1) The credit worthiness of the borrower
- (2) The purpose of the loan
- (3) The economic development benefits for making the loan
- (4) Financial statement analysis to show an adequate source of repayment
- (5) Collateral/guarantor analysis to demonstrate adequate backup sources of repayment
- (6) Personal guarantees by corporate officers/shareholders if a closed corporation
- (7) An analysis of whether a business plan or pro-forma financial statements are required
- (8) Other information used to come to a decision on making the loan

A credit file shall be established and maintained for each borrower, which shall include in all cases the borrower's current financial statement, tax returns and the credit application/memorandum. Loan agreements should clearly identify the borrower's responsibility for providing future financial information including required information (e.g. audited financial statements, internal financial statements, tax returns, compliance with loan covenants, required



UCC updates, etc) and when such information is due to the WBC and/or servicing agent. The information needs and due dates will be compiled into a database that will be used to establish a tickler system to maintain compliance with this policy. The credit file will include copies of all documents and correspondence pertinent to each loan.

Loan administration may be delegated to a servicing agent approved by the Board. The contract with the servicing agent will specify those duties and responsibilities to be performed, including reporting to the WBC and/or the Board on a frequent basis.

Minimum documentation for real estate loans shall include the promissory note, environmental check, a written recorded copy of the mortgage, Title Opinion or Title Insurance, a copy of the appraisal of the property, and an insurance certificate or binder insuring the property against damage and showing the WBC / or lead lender as loss payee.

Minimum documentation for loans secured by marketable equipment shall consist of the promissory note, a security agreement that can be supported by a financing statement. At least one of these documents must be filed with the appropriate authority. Documentation on loans made on the titled equipment shall include, in addition to the security agreement, recorded copies of the title showing the WBC / or lead lender as the secured party and an insurance certificate or binder insuring the property against damage and showing the WBC / or lead lender as loss payee.

All personnel shall take the utmost care in the security and safekeeping of loan documents. All promissory notes shall be kept in a secure fireproof location with a third party servicing agent.

The WBC or its designee shall conduct loan review documentation on a continuing basis for all loans.

Interest due on loans is to be collected from borrowers according to the terms and conditions of the loan agreement and note.

#### **1.10 Loan Review**

Successful loan review systems have specified time frames for reviews, accountability through required reporting to the proper level of the organization and a consistently applied system.

The portfolio will be reviewed for credit quality and documentation requirements annually either by the Department of Audit, Division of Banking or the Independent Auditors Financial Report. These external audits will be the loan review process until the portfolio grows to justify staff independent of the loan function to perform reviews.

#### **1.11 Reserve for Loan Loss Policy**

The WBC will implement the policies and procedures as a means of analyzing the adequacy of the loan loss allowance on an ongoing basis. The purpose of the analysis will be to identify the risks in the loan portfolio with the exception of BRC loans and assure the allowance is adequate should those risks become future losses. Items that should be considered when identifying such risks are listed in Appendix A to this chapter.

The adequacy of the allowance will be made at the end of each quarter and reports, as specified in this policy, of the analysis will be presented to the Board. The Board will determine if the reserve is adequate.

**The reserve will be arrived at per the following:**

- **All loans that are delinquent (over 30 days past due) will be reviewed. A specific reserve will be allocated for each of these loans if the review warrants.**
- **There will be an additional unallocated reserve of one-half of one percent of the total portfolio balance.**
- **There will be a 10% reserve for Economic Disaster loans.**

#### **1.12 Loan Collections**

**The WBC has reasonably conservative loan policies designed to preclude delinquencies and losses in the loan portfolio. If policies are followed, the WBC should not experience an undue amount of collection problems. Successful collections and workouts depend on early identification of credit weaknesses so the relationship between loan collections and loan monitoring cannot be emphasized enough.**

**A 10-day notice in advance of maturity is mailed. Late notices are to be sent on the 10th day a note becomes delinquent. Contacts and collection efforts should be started on the 10th delinquent day. From that point forward, all remarks pertaining to the workout of the delinquent account should be dated with the day, month, and year the contact is made. All loans 30 days or more past due are required to be reported to the Board.**

**Late charges are not only a deterrent to late payment by the borrower but also compensate the WBC for the extra cost of collection and loss of use of the payment amount. It is the WBC's policy to collect all late charges and great selectivity will be exercised in making any exceptions. In addition, interest will be collected to the actual date of payment for loans paid after maturity. Once a decision has been made to call the loan, the following steps will be taken:**

- (1) The WBC will consult with its attorney in all matters.**
- (2) It is preferable that the note be past due when the note is called. If, while working a problem loan the note must be renewed, it should either be renewed as a demand note or it should contain an enforceable clause.**
- (3) Once a decision has been made for demand of a note, a letter is sent which spells out the reasons the WBC is making demand. The WBC's policy is not to use demand letters as idle threats. The WBC does not send demand letters until it is ready to call the loan.**
- (4) The collateral securing the loan must be protected. The WBC may take physical possession of the collateral early in the process or the WBC may take a physical inventory.**
- (5) It is important that the WBC does not lose its guarantees by oversight during the liquidation process.**

#### **1.13 Renewals and Extensions**

**All requests for short-term deferrals or extensions may be considered.**

**All requests to renew loans shall adhere to the same process as the underwriting standards and documentation for the initial provision of credit.**

The Board or its designee shall review all renewals and these shall be treated as any other loan with respect to the Board's authority and approval. It is customary that if such requests are granted, that amendment fees are appropriate, as well as a potential change in interest rates and other terms. Potential problems will be immediately and appropriately dealt with. Renewals, deferments, and extensions shall not be used to defer a potential problem or loss to a later date.

It is important for the WBC to maintain its position in regards to the collateral; therefore, renewal or extension of a loan may be necessary to accomplish this objective. On any extension or renewal, a complete comment shall be placed in the credit file as to the nature of the extension or renewal, new interest rate, maturity date, etc.

#### **1.14 Non-Accrual of Interest**

The WBC will not accrue interest and report income in the WBC's financial statements when:

- (1) Any loan which is maintained on a cash basis because of the deterioration in the financial position of the borrower.
- (2) Any loan for which payment in full of interest or principal is not expected.
- (3) Any loan upon which principal or interest has been in default for a period of 90 days or more unless it is both well secured and in the process of collection.

From the perspective of the borrower's liability to the WBC, the loan will continue to accrue interest in accordance with the terms of the loan agreement.

A non-accrual loan may be restored to an accrual status when payments are current or when it otherwise becomes well secured and in the process of collection.

#### **1.15 Loan Charge Off Procedures**

It is the WBC's policy to charge-off those loans whose collectability is sufficiently questionable that the WBC can no longer justify showing the loan as an asset in its financial statements. These loans are charged-off by crediting the appropriate loan category and debiting the reserves for loan accounts. Charged-off loans must be approved by the Board prior to charging-off.

Collection efforts will continue on all charge-off loans unless the balance is determined uncollectable due to bankruptcy, complete liquidation and settlement agreement, death or any other occurrence, which will render the balance uncollectable.

A report will be presented annually to the Board.

#### **1.16 Reporting Requirements**

Reporting requirements to the Board or its designee with respect to the loan portfolio will include the following:

- (1) Listing of loans 30 days or more past due provided at each Board meeting.
- (2) Computation of allowance for loan losses provided at each Board meeting.
- (3) Report of examination by the Department of Audit, Division of Banking will be presented at the first Board meeting following the receipt of the report.
- (4) Report as required by W.S. 9-12-306(b) to the Board prior to July of each year.

## **Challenge Loan Policy**

### **2.1 Purpose**

To provide loan policies and procedures that are uniform and for quality control to ensure good, consistent service.

### **2.2 Scope**

The Wyoming Business Council Board of Directors and any staff that has oversight of the Challenge loan portfolio or loan administration responsibilities. Please refer to the Wyoming Partnership Challenge Loan Program Rules and Regulations for detailed requirements and procedures.

### **2.3. Definitions**

“Borrower” means the community development organization or a state development organization, which applies for, commits to, and is responsible for repayment of funds provided under this program;

“Business” means any existing enterprise which employs people within the state, provides services within the state, uses resources within the state or otherwise adds economic value to goods, services or resources within the state, and includes farm and ranch operations;

“Cash or cash equivalent” means liquid assets including savings, checking and money market accounts, certificates of deposit, stocks, bonds or cash value life insurance or other similar assets. Equity in real estate holdings and other fixed assets is not to be considered liquid assets;

“Commercial Lender” means commercial institutions that loan money, including banks, credit unions, mutual savings banks, savings and loan associations, stock savings banks, or trust companies.

“Community development organization” means a group of private citizens organized as a business entity authorized to do business in this state for the purpose of providing financing for new, existing, or expanding businesses and other economic or community development purposes in Wyoming, and which may take equity positions and shall take security positions in its borrowers’ businesses and appropriate personal guarantees from the owners thereof;

“Economic Disaster Loan(s)” means loans made to eligible businesses in an economic disaster area as defined by W.S. 9-12-301(a)(v), where such loans are funded by the Challenge Loan Program;

“Servicing agent” means the qualified entity contracted by the WBC to service the loans in the portfolio and to provide administrative services for the program;

“State development organization” means a corporation organized under W.S. 17-11-101 through 17-11-120 with the authority to provide financing for new, existing or expanding businesses, and to fulfill other economic or community development purposes throughout the state of Wyoming, and which may take equity positions and shall take security positions in its borrowers’ businesses and appropriate personal guarantees from the owners thereof;

**“Main street loan participation” means a provision of financing by the WBC in which the WBC participates with a Commercial Lender that has made a loan to a business for building improvements to maintain the structure’s historical character; and**

**“Natural gas fueling infrastructure loan” means a loan issued by the WBC for the costs of the engineering, design, real property, equipment and labor necessary to install a functioning natural gas filling station to fuel motor vehicles, which operate on natural gas as a transportation fuel.**

## **2.4 Loan Policy**

**The basic loan policy of the WBC will be to service the borrowing needs of entities that enhance the economic development of the State of Wyoming on a sound and prudent basis that is beneficial to the people of Wyoming.**

**The Board, in discharging its duty, will ensure that loans in the WBC's portfolio are made on a sound and collectable basis promoting economic development within statutory authorization.**

## **2.5 Types of Loans**

**The types of loans and financing the WBC will provide to entities in promoting economic development are as follows:**

### **(1) Commercial Loans**

- a. **Loans secured by a security interest in marketable equipment are to be amortized over a period not to exceed 120 months. The loan should not exceed 85% of value.**
- b. **Working capital loans secured by inventory and/or accounts receivable should be made to a borrower whose financial condition and income clearly indicate an ability to repay without resorting to liquidation of inventory and/or the accounts receivable securing the loan. The terms of these loans should not exceed one year and an aging schedule and inventory listing should be updated at least quarterly. The loan should not exceed 50% of the value of the eligible inventory and 60% of the value of the eligible accounts receivable. Eligible accounts receivable includes only those accounts that are not more than 60 days past due. Eligible inventory would exclude inventory that is not marketable or obsolete.**

### **(2) Real Estate Loans**

- a. **Permanent real estate loans secured preferably by first mortgages on improved business or commercial properties. Real estate loans including any prior liens shall not exceed 85% of appraised value and loan maturity shall not exceed 300 months.**
- b. **Main Street Loan Participation: A provision of financing by the WBC in which the WBC participates with a Commercial Lender that has made a loan to a business, preferably located in the downtown area of a municipality, for building improvements to maintain the structure’s historical character.**

**(3) Economic Disaster Loans**

Economic disaster loans will be granted only after an economic disaster has been declared, as defined by law and adopted rules.

- a. The WBC can only approve loans to applicants with a reasonable ability to repay the loan and other obligations from earnings. The terms of each loan are established in accordance with each borrower's ability to repay but shall not exceed 120 months.
- b. As required by law, the interest rate for each loan is based on the WBC's determination of whether each applicant has the ability to repay. Substantial economic injury is the inability of a business to meet its obligations as they mature and to pay its ordinary and necessary operating expenses.
- c. Due to the nature of these loans, ongoing financial information from the borrower(s) may not be required if deemed prudent by WBC staff. This program has historically been used for agricultural needs/losses and many borrowers may have existing debt instruments with financial institutions. This loan is designed to help in the case of an emergency for a borrower and not interfere with the ongoing operations of the business/borrower and/or the financial institution.

**(4) Natural gas fueling infrastructure loans**

Natural gas fueling infrastructure loans are direct loans from the challenge loan program for natural gas fueling infrastructure.

- a. Funds must be used for the costs of the engineering, design, real property, equipment and labor necessary to install a functioning natural gas fueling station.
- b. Payment terms consist of no interest or principal payments due for the first two (2) years of the term loan. All deferred interest during the first two (2) years of the term loan shall accrue to the principal balance.
- c. Loans are to be amortized over a period not to exceed 240 months. Loans should not exceed 75% of the total costs of land, building and equipment or one million dollars (\$1,000,000), whichever is less.

**(5) Future Investment or Loan Programs**

Modifications will be made to the policy in this chapter as necessary to reflect changes made to existing state statute.

## **Business Ready Community Loan Policy**

### **3.1 Purpose**

To provide loan policies and procedures that are uniform and for quality control to ensure good, consistent service.

### **3.2 Scope**

The Wyoming Business Council Board of Directors and any staff that has oversight of the Business Ready Community Loan portfolio or loan administration responsibilities. Please refer to the Business Ready Community Grant and Loan Program Rules for detailed requirements and procedures.

### **3.3 Loan Policy**

A BRC loan may be made to fund a portion of any project that is an eligible activity. A BRC loan can be used in conjunction with a BRC grant. In no event shall a loan be made to pay off or refinance an existing loan.

The Board, in discharging its duty, will ensure that loans in the WBC's portfolio are made on a sound and collectable basis promoting economic development within statutory authorization.

### **3.4 Additional Information**

(1) Applicant shall supply to the Wyoming Business Council any relevant ongoing or new information that arises any time after applicant's initial submission of the above information which may influence or bear upon the review of the proposed loan, including without limitation, new or altered financing arrangements, statutory, regulatory or rule changes which may impact applicant's project or operations or the proposal thereof, or any other changes.

(2) In addition to information in the project application, the Wyoming Business Council may ask for additional information necessary for the Wyoming Business Council to conduct its due diligence in review of the application. Applicants shall respond to such requests in a timely manner with complete and current information.

### **3.5 Interest rate, Term and Fees:**

Please refer to the Business Ready Community Grant and Loan Program Rules for detailed requirements and procedures.

### **3.6 Collateral**

Please refer to the Business Ready Community Grant and Loan Program Rules for detailed requirements and procedures. In addition, the following must be adhered to:

(1) All loan projects that create a lease or sales revenue based asset must be secured.

- (2) Preferred collateral must be held in the name of the public borrower. Underlying collateral (e.g. notes, leases) shall be assigned to the WBC.**
- (3) Permanent real estate loans shall be secured preferably by first mortgages on improved business or commercial properties.**



## Non-Financial Symptoms Indicating Trouble

### Problem and Work-Out Loans

The following list represents only a small portion of the many causes of borrowers' financial problems and many of these problems exist in perfectly good companies. One item by itself does not necessarily mean a company is in trouble; however, a combination of these symptoms may indicate a problem loan, either now or in the future.

These symptoms have been labeled as non-financial because they do not appear directly on the borrower's financial statement, but their effects too often do. They often involve the expenditure of money, and many are quasi-financial in nature.

- 1) Inability to meet commitments on schedule: These may involve production, delivery, or contract completion. The results can be canceled orders, returned goods, penalties assessed, and payments held back. These conditions often arise from overselling or poor planning. They are a direct reflection on the quality of a company's management.
- 2) Recurrence of problems presumed to have been solved: Personnel problems rank high on the list here. A constant turnover of bookkeepers or office managers, each expected to correct the shortcomings of his predecessor, is a good example. Too often this indicates highly questionable management practices and a lack of executive stability.
- 3) Lack of functional planning: Forecasts for both short and long-range operations are non-existent, vague, or downright unreliable. What actually occurs seldom bears any practical relationship to what was predicted. All plans are based on the needs of the moment.
- 4) Capital stagnation: Owners are unwilling to supply needed additional capital on either a temporary or permanent basis. Profits are regularly drained off. Owners have a set limit on risk capital and will inject no more funds in the business. Creditors are expected to assume all risks above an established capital base. Often owners are unwilling to pay the price (in the form of money or loss of control) for new capital funds.
- 5) Poor financial housekeeping practices: Owners are unwilling to pay the price for quality auditing reports or functional bookkeeping systems. Procedures to protect assets such as cash and inventories are missing. Maintenance of books and ledgers is sloppy, and posting schedules are erratic.
- 6) Loss of senior management or other staff: Loss of senior management and/or high employee turnover.

# Environmental Checklist



Borrower \_\_\_\_\_ Date \_\_\_\_\_  
 Address \_\_\_\_\_  
 Property Type \_\_\_\_\_  
 Loan Amount \$ \_\_\_\_\_  
 Contact Person \_\_\_\_\_  
 Phone \_\_\_\_\_

1. Has the property ever been used for industrial or manufacturing purposes?  
 If Yes: Dates of industrial or manufacturing use? \_\_\_\_\_
2. Has the property ever been used for commercial purposes which involve storage, use or disposal of chemicals, or agricultural purposes?  
 If Yes: Dates of commercial agricultural use? \_\_\_\_\_
3. Are there any storage tanks located on the property or underground? (Inspect noticeable cleared areas that might indicate possible burial of substances)
4. Is there any evidence of waste materials on the property (e.g. 55 gallon drums, pails, barrels, bottles, refuse piles, sludge, concrete slabs with rust stains, vertical piping, etc.)?
5. Is there any sign of stained soils, standing liquids or odors?
6. Is there any sparse, stunted, dead or distressed vegetation?
7. Are there any ponds, lagoons or wetlands on the property that (a) have ever been used for industrial or commercial purposes, or (b) contain evidence of oily sheens or discoloration? (Circle those that apply)  
 If Yes: Dates of industrial or commercial use \_\_\_\_\_
8. Are there electrical transformers or capacitors on the property that may contain PCBs?
9. Does the property have old structures which (a) may have asbestos containing materials (e.g. insulation, sprayed-on fireproofing, pipe wrap, friable ceiling tiles or acoustical plaster, (b) have had expandable foam insulation either pumped on or blown in (especially formaldehyde foam) insulation, (c) lead-based paint, or (d) have had radon exposure? (Circle those that apply)
10. Could activities at adjacent businesses pose potential environmental risks?
11. Do any procedures violate on-site and off-site waste disposal practices?
12. Are any hazardous substances used or created in a production process on the premises?  
 If Yes: What kind? \_\_\_\_\_  
 How are they delivered, handled and stored? \_\_\_\_\_
13. Are conditions such that hazardous substances located on the premises or related to the real property may contaminate our personal property collateral (e.g. inventory, equipment)?

YES	NO
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

## Additional Assessments Conducted:

Records Search ☐ Date: \_\_\_\_\_ ☐ Waived  
 Phase I ☐ Date: \_\_\_\_\_ ☐ Waived  
 Phase II ☐ Date: \_\_\_\_\_ ☐ Waived

I hereby certify that, to the best of my knowledge, the above information is true and complete.

(Individual Inspecting Property)

Date \_\_\_\_\_

## **Exhibit “B”**

**Portfolio of active loans under the program as of 12-31-21**



Wyoming Business Council  
Loan Servicing Report  
December 31, 2021

Loan #	Program	Lead	Lender	Borrower	RE Document #	Funding Date	Int Rate	Orig Date	Amount Due	Next Pymt Date	Original Balance	Current Balance	Principal Payment	Interest Payment	Service Fee	LC Fee	Total Payment	Date Last Payment	Interest To Date
2000333	202 BRIDGE	WBC	DBJDM ENTERPRISES LLC	18WYOTTECH	6/26/2018	2.50%	6/26/2018	\$787,477.15	\$5,000,000.00	6/26/2022	\$5,000,000.00	\$5,000,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/1/2021	12/1/2021
2000336	202 BRIDGE	WBC	CB&T REDMOUNT LLC	19DPTPOINTE	3/27/2019	3.50%	3/27/2019	\$875.00	\$175,000.00	1/1/2022	\$175,000.00	\$165,355.23	\$438.09	\$400.67	\$66.78	\$0.00	\$905.54	12/7/2021	12/7/2021
2000338	202 BRIDGE	WBC	W&B T COTTONWOOD CREEK DEV	20COTTONWOODCREEK	9/27/2019	3.50%	9/27/2019	\$4,800.00	\$1,000,000.00	12/26/2021	\$1,000,000.00	\$985,743.14	\$2,147.35	\$2,354.70	\$392.45	\$0.00	\$4,894.50	12/7/2021	12/7/2021
2000339	202 BRIDGE	WBC	YMCA	2019YMCA	12/20/2019	3.50%	12/20/2019	\$2,500.00	\$370,985.65	1/20/2022	\$370,985.65	\$346,626.46	\$1,510.06	\$894.62	\$145.06	\$0.00	\$2,539.74	12/17/2021	12/17/2021
Totals									\$6,545,985.65		\$6,497,724.83	\$4,095.50	\$3,639.99	\$604.29	\$0.00	\$8,339.78			
400138	210 BEET	WBC	DENNIS E CHRISTENSEN	17DCHRIISTENSEN	6/27/2017	3.50%	6/27/2017	\$3,279.58	\$24,950.00	1/1/2023	\$24,950.00	\$14,752.28	\$2,664.97	\$526.81	\$87.80	\$0.00	\$3,279.58	12/20/2021	12/20/2021
400139	210 BEET	WBC	KENT CHRISTENSEN	17KENTCHRISTENSEN	8/3/2017	3.50%	8/3/2017	\$1,751.52	\$13,325.00	1/1/2023	\$13,325.00	\$7,879.53	\$1,440.51	\$266.58	\$44.43	\$0.00	\$1,751.52	12/1/2021	12/1/2021
400140	210 BEET	WBC	J AND J BAILING INC	17JJBAILING	7/20/2017	3.50%	7/20/2017	\$10,213.36	\$77,700.00	1/1/2023	\$77,700.00	\$30,630.91	\$8,688.97	\$1,398.89	\$125.50	\$0.00	\$10,213.36	12/9/2021	12/9/2021
400141	210 BEET	WBC	JENNINGS FARMS INC	17JENNINGSFARMS	8/3/2017	3.50%	8/3/2017	\$11,731.56	\$89,250.00	1/1/2023	\$89,250.00	\$52,917.62	\$9,545.36	\$1,873.89	\$312.31	\$0.00	\$11,731.56	12/24/2021	12/24/2021
400142	210 BEET	WBC	JORDAN FARMS INC	17JORDANFARMS	6/27/2017	3.50%	6/27/2017	\$28,283.89	\$215,175.00	1/1/2023	\$215,175.00	\$127,338.41	\$22,993.44	\$4,534.67	\$755.78	\$0.00	\$28,283.89	12/13/2021	12/13/2021
400143	210 BEET	WBC	MCKAMEY FARMS II LLC	17MCKAMEY	8/3/2017	3.50%	8/3/2017	\$22,621.86	\$172,100.00	1/1/2023	\$172,100.00	\$101,595.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/13/2021	12/13/2021
400144	210 BEET	WBC	MADDEN FARMS LLC	17MADDENFARMS	7/20/2017	3.50%	7/20/2017	\$24,402.95	\$185,650.00	1/1/2023	\$185,650.00	\$108,712.93	\$19,758.62	\$3,980.86	\$663.47	\$0.00	\$24,402.95	12/22/2021	12/22/2021
400145	210 BEET	WBC	MENDEZ BROTHERS LLC	17MENDEZBROTHERS	8/10/2017	3.50%	8/10/2017	\$19,703.76	\$149,900.00	1/1/2022	\$149,900.00	\$106,071.90	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/22/2021	12/22/2021
400147	210 BEET	WBC	MICHAEL VIGIL FARMS INC	17MICHAELVIGIL	8/3/2017	3.50%	8/3/2017	\$49,351.40	\$375,450.00	1/1/2023	\$375,450.00	\$222,778.91	\$40,601.01	\$7,500.33	\$1,250.06	\$0.00	\$49,351.40	12/13/2021	12/13/2021
400148	210 BEET	WBC	PALEK FARMS INC	17PALEK	6/27/2017	3.50%	6/27/2017	\$16,322.31	\$124,175.00	1/1/2023	\$124,175.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/5/2021	11/5/2021
400149	210 BEET	WBC	DANIEL J PRICE	17DANIELPRICE	6/27/2017	3.50%	6/27/2017	\$47,353.42	\$360,250.00	1/1/2023	\$360,250.00	\$213,590.35	\$38,669.46	\$7,443.39	\$1,240.57	\$0.00	\$47,353.42	12/22/2021	12/22/2021
400150	210 BEET	WBC	DENNIS J PINCE	17DPINCE	8/3/2017	3.50%	8/3/2017	\$21,688.59	\$165,000.00	1/1/2023	\$165,000.00	\$97,617.14	\$17,632.74	\$3,476.44	\$579.41	\$0.00	\$21,688.59	12/23/2021	12/23/2021
400151	210 BEET	WBC	PROPP FARMS	17PROPPFARMS	7/20/2017	3.50%	7/20/2017	\$14,229.03	\$108,250.00	1/1/2023	\$108,250.00	\$64,095.97	\$11,608.41	\$2,746.24	\$374.38	\$0.00	\$14,229.03	12/27/2021	12/27/2021
400152	210 BEET	WBC	SAGE CREEK LAND & CATTLE	17SAGECREELAND	7/20/2017	3.50%	7/20/2017	\$11,961.59	\$91,000.00	1/1/2023	\$91,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	9/30/2021	9/30/2021
400153	210 BEET	WBC	SCHLENIKER RANCH INC	17SCHLENIKERANCH	6/27/2017	3.50%	6/27/2017	\$63,653.72	\$484,250.00	1/1/2023	\$484,250.00	\$286,061.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/22/2021	11/22/2021
400154	210 BEET	WBC	TD FARMS INC	17TDFARMSINC	7/20/2017	3.50%	7/20/2017	\$3,595.05	\$27,350.00	1/1/2023	\$27,350.00	\$16,233.72	\$2,972.56	\$533.57	\$88.92	\$0.00	\$3,595.05	12/29/2021	12/29/2021
400155	210 BEET	WBC	WEBER AG LLC	17WEBERAGLLC	6/27/2017	3.50%	6/27/2017	\$54,221.48	\$412,500.00	1/1/2023	\$412,500.00	\$245,544.30	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/26/2021	11/26/2021
400156	210 BEET	WBC	BRETT WEBER	17BRETTWEBER	8/3/2017	3.50%	8/3/2017	\$7,021.81	\$484,950.00	1/1/2022	\$484,950.00	\$84,950.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8/3/2017	8/3/2017
400157	210 BEET	WBC	WELUEVER FARMS LLC	17WELUEVERFARMS	8/10/2017	3.50%	8/10/2017	\$11,347.08	\$86,325.00	1/1/2023	\$86,325.00	\$61,050.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/18/2020	12/18/2020
400158	210 BEET	WBC	BRENTON PAXTON FARMS, LLC	17BRENTONPAXTONFARMS	8/10/2017	3.50%	8/10/2017	\$10,574.83	\$80,450.00	1/1/2023	\$80,450.00	\$47,729.06	\$8,566.69	\$1,721.26	\$286.88	\$0.00	\$10,574.83	12/30/2021	12/30/2021
400159	210 BEET	WBC	SOUTHLAND LAND & LIVSTK	17SOUTHLANDLAND	7/20/2017	3.50%	7/20/2017	\$6,335.70	\$48,200.00	1/1/2023	\$48,200.00	\$28,468.14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/26/2021	11/26/2021
400160	210 BEET	WBC	AGUILAR BROTHERS, LLC	17AGUILARBROTHERS	7/20/2017	3.50%	7/20/2017	\$65,723.00	\$500,000.00	1/1/2023	\$500,000.00	\$295,985.11	\$53,620.89	\$10,373.24	\$1,788.87	\$0.00	\$65,723.00	12/13/2021	12/13/2021
400161	210 BEET	WBC	MIGUEL AGUILAR	17AGUILAR	1/16/2017	3.50%	1/16/2017	\$44,854.31	\$297,900.00	1/1/2022	\$297,900.00	\$275,209.72	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	2/1/2021	2/1/2021
400162	210 BEET	WBC	ASHER FARMS, INC	17ASHERFARMS	11/16/2017	3.50%	11/16/2017	\$5,455.01	\$16,044.73	1/1/2023	\$16,044.73	\$2,881.63	\$583.34	\$97.22	\$0.00	\$3,562.19	12/24/2021	12/24/2021	
400163	210 BEET	WBC	MAX E BAKER	17BAKER	11/16/2017	3.50%	11/16/2017	\$5,455.01	\$41,500.00	1/1/2023	\$41,500.00	\$24,592.32	\$4,633.87	\$703.83	\$117.31	\$0.00	\$5,455.01	12/9/2021	12/9/2021
400164	210 BEET	WBC	LYLE R. BIORNSTAD	17BIORNSTAD	11/16/2017	3.50%	11/16/2017	\$19,351.20	\$120,000.00	1/1/2023	\$120,000.00	\$82,847.27	\$14,938.09	\$2,925.52	\$487.59	\$0.00	\$18,351.20	12/30/2021	12/30/2021
400165	210 BEET	WBC	COX & FISHER INC.	17COX&FISHER	3/19/2018	3.50%	3/19/2018	\$19,411.87	\$126,900.00	1/1/2023	\$126,900.00	\$87,717.03	\$16,903.84	\$2,149.74	\$358.29	\$0.00	\$19,411.87	12/20/2021	12/20/2021
400166	210 BEET	WBC	CROSBY FARMS	17CROSBYFARMS	1/9/2018	3.50%	1/9/2018	\$33,742.36	\$230,800.00	1/1/2022	\$230,800.00	\$206,253.64	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	2/12/2021	2/12/2021
400167	210 BEET	WBC	CODY A EASUM	17EASUM	11/16/2017	3.50%	11/16/2017	\$10,477.88	\$224,100.00	1/1/2023	\$224,100.00	\$179,261.65	\$26,768.38	\$5,977.69	\$996.29	\$0.00	\$33,742.36	12/16/2021	12/16/2021
400168	210 BEET	WBC	EDEN FARMS	17EDENFARMS	1/9/2018	3.50%	1/9/2018	\$17,784.64	\$68,500.00	1/1/2021	\$68,500.00	\$64,067.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/1/2020	1/1/2020
400169	210 BEET	WBC	EUGENE MILLER & SONS, INC	17EUGENEMILLER&SONS	11/16/2017	3.50%	11/16/2017	\$27,140.31	\$135,300.00	1/1/2022	\$135,300.00	\$114,408.73	\$9,000.00	\$0.00	\$0.00	\$0.00	\$9,000.00	12/7/2021	12/7/2021
400170	210 BEET	WBC	LYLE VELO	17VELO	11/16/2017	3.50%	11/16/2017	\$9,621.75	\$206,475.00	1/1/2023	\$206,475.00	\$121,053.05	\$23,533.84	\$4,254.42	\$709.07	\$0.00	\$28,497.33	12/23/2021	12/23/2021
400171	210 BEET	WBC	BRET FABER	17FABER	11/16/2017	3.50%	11/16/2017	\$9,941.18	\$63,000.00	1/1/2023	\$63,000.00	\$43,053.09	\$7,963.23	\$1,421.59	\$236.83	\$0.00	\$9,621.75	12/30/2021	12/30/2021
400172	210 BEET	WBC	FARWELL FARMS, INC	17FARWELLFARMS	11/16/2017	3.50%	11/16/2017	\$9,941.18	\$85,000.00	1/1/2023	\$85,000.00	\$44,774.43	\$8,081.10	\$1,594.35	\$265.73	\$0.00	\$9,941.18	12/13/2021	12/13/2021
400173	210 BEET	WBC	FAXON FARMS	17FAXONFARMS	11/16/2017	3.50%	11/16/2017	\$3,661.78	\$219,700.00	1/1/2023	\$219,700.00	\$151,896.20	\$28,103.97	\$4,763.84	\$793.97	\$0.00	\$3,661.78	12/20/2021	12/20/2021
400174	210 BEET	WBC	DWIGHT GILBERT	17DWIGHTGILBERT	11/16/2017	3.50%	11/16/2017	\$18,127.40	\$118,500.00	1/1/2023	\$118,500.00	\$81,835.18	\$14,747.02	\$2,897.47	\$482.91	\$0.00	\$18,127.40	12/30/2021	12/30/2021
400175	210 BEET	WBC	CHARLES HESSENTHALER	17CHESSENTHALER	1/9/2018	3.50%	1/9/2018	\$7,623.87	\$58,000.00	1/1/2023	\$58,000.00	\$40,446.49	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/24/2021	11/24/2021
400176	210 BEET	WBC	PETER KUKOWSKI	17KUKOWSKI	2/12/2018	3.50%	2/12/2018	\$12,329.64	\$98,000.00	1/1/2023	\$98,000.00	\$65,015.93	\$9,672.57	\$2,277.49	\$379.58	\$0.00	\$12,329.64	12/16/2021	12/16/2021
400177	210 BEET	WBC	MENDEZ BROTHERS LLC	17MENDEZBROTHERS2	11/16/2017	3.50%	11/16/2017	\$20,860.48	\$158,700.00	1/1/2022	\$158,700.00	\$112,234.45	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/11/2021	1/11/2021
400179	210 BEET	WBC	MURRAYMERE FARMS	17MURRAYMEREFARMS	11/16/2017	3.50%	11/16/2017	\$9,266.86	\$63,700.00	1/1/2022	\$63,700.00	\$49,178.58	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3/31/2021	3/31/2021
400180	210 BEET	WBC	MICHAEL NEVES	17MICHAELNEVES	11/16/2017	3.50%	11/16/2017	\$20,953.51	\$137,000.00	1/1/2023	\$137,000.00	\$94,378.58	\$17,322.46	\$3,112.33	\$518.72	\$0.00	\$20,953.51	12/9/2021	12/9/2021
400181	210 BEET	WBC	BRANDY PETTET	17BRANDYPETTET	11/16/2017	3.50%	11/16/2017	\$5,126.39	\$25,000.00	1/1/2022	\$25,000.00	\$16,429.11	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/26/2021	11/26/2021
400182	210 BEET	WBC	RICARDO RODRIGUEZ FARMS	17RICARDORODRIGUEZFARMS	11/16/2017	3.50%	11/16/2017	\$38,216.67	\$250,000.00	1/1/2022	\$250,000.00	\$203,782.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3/1/2021	3/1/2021
400183	210 BEET	WBC	JOEL G. SCHAEFER	17JOELGSCHAEFER	11/16/2017	3.50%	11/16/2017	\$1,911.58	\$12,500.00	1/1/2023	\$12,500.00	\$8,445.45	\$1,645.74	\$303.66	\$50.60	\$0.00	\$1,911.58	12/29/2021	12/29/2021
400184	210 BEET	WBC	SCHLENIKER RANCH INC	17SCHLENIKERANCH2	11/16/2017	3.50%	11/16/201												



Loan #	Prog #	Program	Lead	Borrower	RE Document #	Funding	Int	Orig	Amount	Next Pymt	Original	Current	Principal	Interest	Service	LC Fee	Payment	Date Last	Interest
						Date	Rate	Date	Due	Date	Balance	Balance	Payment	Payment	Fee				To Date
400190	210 BEET	WBC	PAUL WAMBEKE	17WAMBEKE	11/16/2017	3.50%	11/16/2017	\$9,008.24	1/1/2023	A	\$58,900.00	\$40,666.89	\$7,355.10	\$1,416.98	\$236.16	\$0.00	\$9,008.24	12/29/2021	12/29/2021
400191	210 BEET	WBC	WILDMAN FARMS INC	17WILDMANFARMS	11/16/2017	3.50%	11/16/2017	\$12,001.02	1/1/2023	A	\$91,300.00	\$53,940.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/26/2021	11/26/2021
400192	210 BEET	WBC	DELFINO JUAREZ	18DELFINOJUAREZ	2/12/2018	3.50%	2/12/2018	\$28,818.78	1/1/2022	A	\$191,400.00	\$176,574.61	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/19/2021	1/19/2021
Totals								\$7,850,275.00	\$5,317,215.85		\$479,063.41	\$89,177.24	\$14,755.22	\$0.00	\$582,995.87				
500001	205 BEAN	WBC	JOEL A ALWORTH	20ALWORTH	2/6/2020	4.00%	2/6/2020	\$5,451.32	1/1/2022	A	\$40,532.40	\$40,532.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/19/2021	1/1/2021
500002	205 HAY	WBC	SHAWN BOOTH	20SBOOTH	2/6/2020	4.00%	2/6/2020	\$17,648.17	1/1/2023	A	\$131,220.00	\$118,475.50	\$12,744.50	\$4,290.71	\$612.96	\$0.00	\$17,648.17	12/18/2021	12/18/2021
500003	205 HAY	WBC	MICHAEL BOOTH	20MLBOOTH	2/21/2020	4.00%	2/21/2020	\$9,804.54	1/1/2023	A	\$72,900.00	\$65,835.30	\$7,064.30	\$2,397.71	\$342.53	\$0.00	\$9,804.54	12/10/2021	12/10/2021
500004	205 HAY	WBC	BYRON BOOTH	20BBOOTH	2/26/2020	4.00%	2/26/2020	\$4,706.18	1/1/2022	A	\$34,992.00	\$34,992.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/7/2021	1/1/2021
500005	205 HAY	WBC	BOX A RANCH LLC	20BOXARANCH	3/3/2020	4.00%	3/3/2020	\$7,262.62	1/1/2022	A	\$54,000.00	\$54,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/17/2021	12/17/2021
500006	205 HAY	WBC	JUSTIN BRIGGS	20BRIGGS	2/21/2020	4.00%	2/21/2020	\$10,079.07	1/1/2023	A	\$74,941.20	\$67,761.23	\$7,179.97	\$2,536.71	\$362.39	\$0.00	\$10,079.07	12/20/2021	12/20/2021
500007	205 HAY	WBC	CHAPMAN BROTHERS PART	20CHAPMANBROS	3/6/2020	4.00%	3/6/2020	\$13,449.30	1/1/2023	A	\$100,000.00	\$90,517.82	\$9,482.18	\$3,471.23	\$495.89	\$0.00	\$13,449.30	12/29/2021	12/29/2021
500008	205 HAY	WBC	TRAVIS EISENBARTH	20EISENBARTH	2/6/2020	4.00%	2/6/2020	\$4,823.83	1/1/2023	A	\$35,866.80	\$32,446.20	\$3,420.60	\$1,227.82	\$175.41	\$0.00	\$4,823.83	12/24/2021	12/24/2021
500009	205 HAY	WBC	ISAAC EISENBARTH	20EISENBARTH	3/3/2020	4.00%	3/3/2020	\$21,452.33	1/1/2023	A	\$159,505.20	\$141,253.30	\$16,831.53	\$5,396.54	\$770.93	\$0.00	\$23,000.00	12/13/2021	12/13/2021
500010	205 HAY	WBC	ARTHUR ELSBERY	20ELSBERY	2/26/2020	4.00%	2/26/2020	\$5,451.27	1/1/2022	A	\$40,532.00	\$40,532.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3/22/2021	1/1/2021
500011	205 HAY	WBC	SCOTT L FORREST	20FORREST	2/6/2020	4.00%	2/6/2020	\$31,374.53	1/1/2022	A	\$233,280.00	\$233,280.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/13/2021	1/1/2021
500012	205 HAY	WBC	DANIEL E HILL	20HILL	2/6/2020	4.00%	2/6/2020	\$13,922.45	1/1/2023	A	\$74,358.00	\$66,973.14	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/13/2021	1/1/2021
500013	205 HAY	WBC	WAYNE HORT	20WHORT	3/3/2020	4.00%	3/3/2020	\$13,922.45	1/1/2023	A	\$103,518.00	\$103,518.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/18/2021	11/18/2021
500014	205 HAY	WBC	JARED HORT	20JHORT	3/6/2020	4.00%	3/6/2020	\$2,274.65	1/1/2022	A	\$16,912.80	\$16,912.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/7/2021	1/1/2021
500015	205 HAY	WBC	QUINN W HUNTER	20QHUNTER	2/26/2020	4.00%	2/26/2020	\$1,294.20	1/1/2023	A	\$9,622.80	\$8,696.64	\$926.16	\$322.04	\$46.00	\$0.00	\$1,294.20	12/16/2021	12/16/2021
500016	205 HAY	WBC	CORY JOHNSON	20JOHNSON	2/6/2020	4.00%	2/6/2020	\$4,325.76	1/1/2022	A	\$32,163.48	\$32,163.48	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/7/2021	1/1/2021
500017	205 HAY	WBC	LOWELL KAUTZ	20KAUTZ	3/3/2020	4.00%	3/3/2020	\$7,843.63	1/1/2023	A	\$58,320.00	\$52,527.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/8/2021	1/1/2021
500018	205 HAY	WBC	EDWARD LAY	20LAY	3/6/2020	4.00%	3/6/2020	\$14,510.72	1/1/2021	A	\$107,892.00	\$107,892.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/18/2021	1/1/2021
500019	205 HAY	WBC	DAKOTA MCCLUN	20MCCLUN	2/6/2020	4.00%	2/6/2020	\$1,568.73	1/1/2023	A	\$11,664.00	\$11,664.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/29/2021	12/29/2021
500020	205 HAY	WBC	BRETT A MEYER	20MEYER	2/20/2020	4.00%	2/20/2020	\$2,980.58	1/1/2022	A	\$22,161.60	\$22,161.60	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/27/2021	1/1/2021
500021	205 HAY	WBC	JACK P MISKIMINS	20MISKIMINS	2/20/2020	4.00%	2/20/2020	\$19,530.64	1/1/2022	A	\$145,216.80	\$145,216.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/30/2020	1/1/2021
500022	205 HAY	WBC	LUCAS R MOORE	20MOORE	2/6/2020	4.00%	2/6/2020	\$3,921.82	1/1/2023	A	\$29,160.00	\$26,353.45	\$2,806.55	\$975.86	\$139.41	\$0.00	\$3,921.82	12/16/2021	12/16/2021
500023	205 HAY	WBC	GILBERT RAMIREZ	20RAMIREZ	3/3/2020	4.00%	3/3/2020	\$18,259.36	1/1/2023	A	\$53,946.00	\$48,664.69	\$5,280.81	\$1,727.73	\$246.82	\$0.00	\$7,255.36	12/1/2021	12/1/2021
500024	205 HAY	WBC	RYAN RIGGS	20RIGGS	2/6/2020	4.00%	2/6/2020	\$12,432.16	1/1/2023	A	\$92,437.00	\$83,144.24	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/24/2021	11/24/2021
500025	205 HAY	WBC	TRAVIS D RODEWALD	20RODEWALD	2/6/2020	4.00%	2/6/2020	\$6,657.40	1/1/2022	A	\$49,500.00	\$49,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/8/2021	1/1/2021
500026	205 HAY	WBC	DAVID SAUL	20SAUL	2/6/2020	4.00%	2/6/2020	\$14,510.72	1/1/2022	A	\$107,892.00	\$107,892.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	12/30/2020	1/1/2021
500027	205 HAY	WBC	RANDALL J STEBEN	20STEBEN	2/6/2020	4.00%	2/6/2020	\$14,510.72	1/1/2022	A	\$107,892.00	\$107,892.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/8/2021	1/1/2021
500028	205 HAY	WBC	SCOTT STEINHAUSEN	20STEINHAUSEN	3/3/2020	4.00%	3/3/2020	\$9,529.90	1/1/2022	A	\$70,858.00	\$70,858.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3/15/2021	1/1/2021
500029	205 HAY	WBC	MONTE STOKES	20STOKES	2/6/2020	4.00%	2/6/2020	\$7,843.63	1/1/2022	A	\$58,320.00	\$58,320.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3/15/2021	1/1/2021
500030	205 HAY	WBC	DENNIS N VANATTA	20VANATTA	2/6/2020	4.00%	2/6/2020	\$9,020.18	1/1/2022	A	\$67,068.00	\$67,068.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/4/2021	1/1/2021
500031	205 HAY	WBC	DAVID WALKER	20WALKER	2/20/2020	4.00%	2/20/2020	\$4,627.74	1/1/2022	A	\$34,048.80	\$34,048.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/4/2021	1/1/2021
500032	205 HAY	WBC	ADAM WAMBOLT	20WAMBOLT	2/21/2020	4.00%	2/21/2020	\$12,549.81	1/1/2023	A	\$93,312.00	\$83,931.77	\$9,380.23	\$3,158.55	\$451.22	\$0.00	\$13,000.00	12/20/2021	12/20/2021
500033	205 HAY	WBC	WILLARD WAMBOLT	20WAMBOLT	3/3/2020	4.00%	3/3/2020	\$18,824.72	1/1/2023	A	\$139,968.00	\$125,733.57	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/19/2021	11/19/2021
500034	205 HAY	WBC	DENNIS WHITLOCK	20WHITLOCK	2/20/2020	4.00%	2/20/2020	\$3,529.63	1/1/2022	A	\$26,244.00	\$26,244.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/4/2021	1/1/2021
500035	205 HAY	WBC	WYOMING HAYBUSTERS LLC	20WYOMINGHAYBUSTERS	2/10/2020	4.00%	2/10/2020	\$67,246.50	1/1/2022	A	\$500,000.00	\$497,863.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	1/7/2021	1/1/2021
500036	205 HAY	WBC	MARTY YORGES	20YORGES	3/3/2020	4.00%	3/3/2020	\$8,039.72	1/1/2023	A	\$55,778.00	\$53,433.28	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	11/26/2021	11/26/2021
500037	205 HAY	WBC	BRUCE ZIMMERER	20ZIMMERER	3/3/2020	4.00%	3/3/2020	\$15,687.26	1/1/2023	A	\$116,640.00	\$105,592.78	\$11,047.22	\$4,060.03	\$580.01	\$0.00	\$15,687.26	12/30/2021	12/30/2021
Totals								\$3,199,130.88	\$3,011,243.16		\$141,281.05	\$31,761.44	\$4,597.35	\$0.00	\$177,579.84				
600001	206 AMEND IV	WBC	TENUPAH	9602AVL	1/26/2006	1.00%	1/26/2006	\$3,000.00	1/10/2022	M	\$800,000.00	\$166,642.91	\$2,869.96	\$65.02	\$65.02	\$0.00	\$3,000.00	12/16/2021	12/16/2021
Totals								\$800,000.00	\$166,642.91		\$2,869.96	\$65.02	\$65.02	\$0.00	\$0.00				
700001	207 NAT GAS	WBC	STAR VALLEY NATURAL GAS	15STARVALNATGAS	9/22/2014	4.50%	9/22/2014	\$1,662.10	1/20/2022	M	\$225,000.00	\$193,772.56	\$1,181.39	\$427.30	\$53.41	\$0.00	\$1,662.10	12/16/2021	12/16/2021
Totals								\$225,000.00	\$193,772.56		\$1,181.39	\$427.30	\$53.41	\$0.00	\$0.00				
800004	208 BRC	WBC	CITY OF LARAMIE	18BRCCTYOFCHEYENNE	4/14/2016	0.50%	4/1/2017	\$405,068.03	4/1/2024	A	\$391,170.00	\$391,170.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4/1/2017	4/1/2017
800006	208 BRC	WBC	CITY OF CHEYENNE	18BRCCTYOFCHEYENNE	4/5/2018	0.50%	1/1/2015	\$357,609.52	4/1/2022	A	\$2,453,943.00	\$1,412,763.89	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	10/28/2021	11/1/2021
800007	208 BRC	WBC	CAMPBELL COUNTY	18BRCCTCAMPBELLCOUNTY	3/31/2017	0.00%	4/14/2016	\$25,939.20	4/1/2022	A	\$259,392.00	\$129,696.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4/12/2021	4/14/2016
800008	208 BRC	WBC	CITY OF LANDER	18BRCCTYOFLANDER	6/25/2017	1.00%	4/5/2018	\$14,014.80	4/5/2022	A	\$194,316.00	\$177,774.65	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	4/16/2021	4/16/2021
800009	208 BRC	WBC	TOWN OF JACKSON	18BRCCTOWNOFJACKSON	10/20/2016	0.50%	3/31/2017	\$52,552.08	3/31/2022	A	\$1,000,000.00	\$711,102.55	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	3/29/2021	3/31/2021
800010	208 BRC	WBC	CITY OF LARAMIE	18BRCCTYOFCHEYENNE	4/25/2017	1.00%	6/25/2017	\$28,607.66	6/25/2022	A	\$518,375.00	\$374,270.76	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	6/25/2021	6/25/2021
800011	208 BRC	WBC	CITY OF GILLETTE	18BRCCTYOFGILLETTE	10/20/2016	1.00%	10/20/2016	\$153,549.56	10/20/2022	A	\$2,645,046.00	\$2,128,991.25	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	10/22/2021	10/22/2021
800012	208 BRC	WBC	LARAMIE COUNTY-FINANCE	18BRCCLAMYVIEWMALT	4/12/2018	3.00%	4/25/2017	\$38,921.12	4/1/2022	A	\$557,935.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	6/1/2021	6/1/2021
800013	208 BRC	WBC	TOWN OF ALPINE																



Loan #	Program	Lead	Lender	Borrower	RF Document #	Funding		Int	Orig	Amount	Next Pymt	Pymt	Original	Current	Principal	Interest	Service	LC Fee	Total	Date Last	Interest
						Date	Rate		Date	Due	Date	Freq	Balance	Balance	Payment	Payment	Fee	Payment	Payment	Payment	To Date
Totals													\$16,057,443.00	\$9,693,872.06	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Grand Totals													\$34,677,834.53	\$24,880,471.37	\$628,491.31	\$125,070.99	\$20,015.29	\$0.00	\$773,577.59		

## **Exhibit “C”**

**Report of Examination by the State of Wyoming, Department of Audit  
Division of Banking**



**STATE OF WYOMING**  
**DEPARTMENT OF AUDIT**

**Mark Gordon**  
Governor

**Justin Chavez**  
Director

**OFFICE OF THE DIRECTOR**  
(307) 777-6605 / [justin.chavez@wyo.gov](mailto:justin.chavez@wyo.gov)

**April 25, 2022**

**Josh Dorrell, Chief Executive Officer**  
**Wyoming Business Council**  
**214 West 15<sup>th</sup> Street**  
**Cheyenne, Wyoming 82002-0240**

**Dear Mr. Dorrell:**

**Enclosed please find the Report of Examination of the Wyoming Business Council Challenge Loan Program made by examiners of the Department of Audit, Division of Banking, pursuant to Wyoming Statute 9-12-306. This office concurs with the findings and comments of the examiners.**

**If you have any questions regarding the Report of Examination, please do not hesitate to contact my office.**

**Sincerely,**

A handwritten signature in blue ink, appearing to read "Justin Chavez", is written over a horizontal line.

**Justin Chavez**  
**Director**

**Enclosure**





# **Report of Examination**

**Wyoming Business Council's**

**Wyoming Partnership Challenge Loan Program**

**Consisting of Loans to Development Organizations;**

**Guarantee Loan Participations; Bridge Financing;**

**Economic Disaster Loans; Loan Guarantee Program Loans,**

**Main Street Loan Participations; and**

**Natural Gas Fueling Infrastructure Loans.**

**Prepared by:**

**Division of Banking**

**Department of Audit, State of Wyoming**

**March 28, 2022**

## **EXAMINATION SCOPE**

The purpose of this examination is to review loans funded by the Wyoming Business Council (WBC) under the Wyoming Partnership Challenge Loan Program (Program) and the credit administration of those loans. Loans made under the Program were examined for compliance with statutes and regulations as well as prudent underwriting standards. Additionally, loans were reviewed for proper documentation and compliance with WBC's loan policy.

Wyoming Statute (W.S.) 9-12-306 mandates the examination of the Program by the Department of Audit. The Director of the State of Wyoming's Department of Audit or designee is required to annually examine loans made under the Program and submit a Report of Examination to the Governor, the Legislature, and the WBC. Per the Program's Rules and Regulations a portfolio report of all loans as of December 31 is to be submitted to the State Banking Commissioner no later than January 15. The State Banking Commissioner is then required to complete an audit of the loan portfolio on or before April 1, with a completed audit report presented to the WBC on or before May 1.

This examination was completed on March 28, 2022. The loan review included loans made under the Partnership Challenge Loan Program (Development, Bridge, and Guarantee Loan Participations), the Natural Gas Fueling Infrastructure Loan, and Economic Disaster Loans. This equated to, three Bridge loans, nine Economic Disaster Loans, and one Natural Gas Fueling Infrastructure loan, for a total of 13 loans reviewed or 9.52 percent of the portfolio. Community Development Loans are not considered part of the portfolio and are not part of the Division of Banking's review.

## **PROGRAM OVERVIEW**

### **Article 3 of the Wyoming Economic Development Act**

The Program is governed by W.S. 9-12-301 through 9-12-307. The Program is funded through the Economic Development Enterprise Fund Account and is administered by the WBC. The WBC has adopted the Rules and Regulations (Rules) of the Program in order to implement Article 3. These Rules include Chapter 1, Wyoming Partnership Challenge Loan Program (Loans to Development Organizations, Bridge Financing, and Guarantee Loan Participations); Chapter 2, Economic Disaster Loans; Chapter 3, Loan Guarantee Program; Chapter 4, Wyoming Main Street Loan Participation; and Chapter 5, Natural Gas Fueling Infrastructure Loans.

### **Chapter 1 – Wyoming Partnership Challenge Loan Program**

Loans made under Chapter 1 of the WBC's Rules consist of loans made to community or state development organizations, loans for bridge financing, and guarantee loan participations. As defined by statutes, a community development organization is a group of private citizens organized as a business entity for the purpose of providing financing for new, existing, or expanding businesses and other economic or community development purposes throughout Wyoming. A state development organization is a corporation with the authority to provide financing for new, existing, or expanding businesses and to fulfill other economic or community development

purposes throughout the state. Bridge financing is for projects where a commercial lender makes the loan and WBC shares in the loan. Guarantee loan participations are for projects where a bank has a Federal guaranteed loan to guarantee repayment of a loan to a business.

The total amount of loans and loan commitments made to a single community development organization is limited to \$500,000. Total loans and loan commitments made to state development organizations are limited to \$3,500,000. Bridge financing loans and loan commitments to a business are limited to \$1,000,000. Loans to a business qualifying for guarantee loan participation are limited to \$2,000,000.

<b><u>Chapter 1 Challenge Loans</u></b>			
<b><u>Loan Type</u></b>	<b><u>12/31/2021</u></b>	<b><u>12/31/2020</u></b>	<b><u>12/31/2019</u></b>
Development Loans	\$0	\$0	\$10,040
Bridge Loans	\$6,497,725	\$6,592,636	\$6,901,749
Guarantee Loan Participations	0	0	0
<b>Total Loans</b>	<b>\$6,497,725</b>	<b>\$6,592,636</b>	<b>\$6,911,789</b>
Loans 30 Days or More Past Due	\$0	\$0	\$0

At year-end 2021, there were four Challenge Loans made pursuant to Chapter 1 compared to five loans at year-end 2020, resulting in a decrease of \$94,911. The Challenge Loans include four Bridge Loans totaling \$6,497,725. The credit made to DBJDM Enterprises has an outstanding balance of \$5,000,000. This loan is not a part of the Challenge Loan program but it was a legislative decision to use the program's funds to fund the loan. Since this loan is not officially a part of the Challenge Loan program it was not a part of our review but the balance is included in the table above.

## **Chapter 2 – Economic Disaster Loans**

Loans made under Chapter 2 of the Rules and Regulations are intended for businesses that have been adversely affected by an economic disaster. The statutes define an economic disaster as an event occurring in Wyoming that has an economic impact with total lost revenues to impacted businesses in a twelve calendar-month period of at least \$4,000,000, or an economic impact with total lost revenues of impacted businesses in four or less counties in a 12 calendar-month period of at least \$1,000,000.

<b><u>Chapter 2 – Economic Disaster Loans</u></b>			
	<b><u>12/31/2021</u></b>	<b><u>12/31/2020</u></b>	<b><u>12/31/2019</u></b>
Seed/Bean/Beet Grower Loans	\$5,357,748	\$6,449,741	\$7,087,814
Number of Loans Outstanding	55	54	55
Hay	\$2,970,711	\$3,199,131	
Number of Loans Outstanding	36	37	
Loans 30 Days or More Past Due	\$311,959	\$484,950	\$102,636

At year-end 2021, there was a total of 91 Economic Disaster Loans outstanding. Economic Disaster Loans consists partially of 54 beet loans that have existed since year-end 2016 and one bean loan that has existed since year-end 2020. Additionally, there are 36 Economic Disaster Loans that originated in 2020 all of which were related to the 2019 irrigation canal collapse on the Gering-Fort Laramie/Goshen Irrigation District canal system. Currently, the total amount of loans 30 days or more past due is \$311,959. This amount consists of three loans, Edward Lay, Ryan Riggs, and Cody Easum. Since the previous examination, Weber Ag, LLC was approved to be fully charged off.

### **Chapter 3 – Loan Guarantee Program**

Chapter 3 is for loan guarantees in which the WBC guarantees a portion of a bank loan made to a business. Such loan guarantees are not to exceed \$100,000 per loan guaranteed, or 80 percent of any net loan loss by the bank, whichever is less. The WBC has not guaranteed any loans under this program.

### **Chapter 4 – Wyoming Main Street Loan Participation**

Chapter 4 is for loans in which the WBC participates with a commercial lender that has made a loan to a business for building improvements to maintain the structure's historical character. The maximum participation is limited to 75 percent of the loan or \$100,000, whichever is less.

At year-end 2021, there were no loans funded under this program.

### **Chapter 5 – Natural Gas Fueling Infrastructure Loans**

Loans made under Chapter 5 of the Rules and Regulations are intended for Natural Gas Fueling Infrastructure (NGFI). As defined by statutes, a NGFI Loan is for the costs of the engineering, design, real property, equipment, and labor necessary to install a functioning natural gas filling station to fuel motor vehicles which operate on natural gas as transportation fuel. Loans issued under this chapter may not exceed 75 percent of the total project cost or \$1,000,000, whichever is less.

<b><u>Chapter 5 – Natural Gas Fueling Infrastructure Loans</u></b>			
	<b><u>12/31/2021</u></b>	<b><u>12/31/2020</u></b>	<b><u>12/31/2019</u></b>
NGFI Loans	\$193,773	\$204,904	\$216,220
Loans 30 Days or More Past Due	\$0	\$0	\$0

The single loan has decreased by \$11,131 from the prior year due to normal payments. The business has posted sustained losses for the prior five years and is being closely monitored by WBC staff.

## **Administration**

The Program is administered by the Business and Industry Division of the WBC, and it is supervised by the Economic Development Program Manager, Josh Keefe. Mr. Keefe was named the Program manager on March 7, 2016.

## **Servicing**

The WBC contracts with Markee Escrow Services, Inc., of Cheyenne, Wyoming for servicing of the loan portfolio.

## **FINDINGS**

Overall, the WBC is administering the loans it has funded under the Program in a satisfactory manner. WBC staff completes a cash flow analysis on loans as new financial information is obtained as well as on new loan requests.

### **Borrower Performance**

Generally, loans funded under the Program continue to be financially sound. A loan for Ryan Riggs was originated in March of 2020 as part of the Economic Disaster Loan declaration for Goshen County, Wyoming. The first payment was due January 1, 2021, and a demand for payment letter was sent by WBC on July 30, 2021. A response has not yet been received. A site visit was attempted by WBC on November 16, 2021, and they unable to speak to the borrower. A past due payment stub was posted on the front door and attempts will continue to be made to reach the borrower. This credit is fully reserved for in the loan loss reserve account.

A loan for Edward Lay was originated in March of 2020 as part of the Economic Disaster Loan declaration for Goshen County, Wyoming. This is the first annual payment due for the borrower and a demand for payment letter was sent by WBC on July 30, 2021. A response has not yet been received. A site visit was attempted by WBC on November 16, 2021 and they unable to speak to the borrower. A past due payment stub was posted on the front door and attempts will continue to be made to reach the borrower. This credit is fully reserved for in the loan loss reserve account.

A loan for Cody Easum was originated in November of 2017 as part of the Economic Disaster Loan declaration for the Wyoming Sugar Company. Multiple attempts have been made by both WBC and the servicer to no avail. A certified demand letter was mailed in April, 2021 and again in July, 2021. A physical visit was performed on October 26, 2021 where a payment coupon was handed to the borrower for both the past due and next payment due January 1, 2022. The borrower pledged he would make an effort to do so. This credit is fully reserved for in the loan loss reserve account. WBC is in discussion of potentially charging this credit off.

### **Economic Disaster Loan Financial Documentation Requirements**

There are now two loan groups that fall under the economic disaster loan program. The first are loans that were approved and funded for the economic emergency declaration for beet farmers in

the Big Horn basin that grow for either the Wyoming Sugar Company (Worland) or the Western Sugar Cooperative (Lovell). These are one-time emergency loans and the WBC has not historically continued collecting financial information on these loans after origination. These loans have a ten-year repayment period. The loans are essentially unsecured as the crop from 2016, which is what the loan is filed upon, also serves as collateral. These loans are considered more "character" loans and have performed well, historically. The second group of loans that was approved and funded under the economic emergency declaration were for farmers and ranchers in the Gering-Fort Laramie/Goshen Irrigation District canal system, due to the irrigation canal collapse in 2019 which are referred to as "Hay" loans. At the time of our review the first payment had not come due, but all loans included proper documentation and approval. These loans have a nine-year repayment period. The loans are also essentially unsecured as the crop from 2019, which is what the loan is filed upon, also serves as collateral.

### **Loans with Documentation Exceptions**

Loan file documentation exceptions are measured by dividing the dollar amount of exceptions found by the total volume of loans reviewed. The table below details the dollar amounts of documentation exceptions cited at this examination. The dollar volume of total documentation is much less than the prior examination, as there were no documentation exceptions noted in our review.

<b><u>Loan File Documentation Exceptions</u></b>		
<b><u>Category</u></b>	<b><u>Amount (000)</u></b>	<b><u>Percentage</u></b>
All Exceptions – Initial	\$0	0%
All Exceptions – After Corrections	\$0	0%
Financial Statement Exceptions – Initial	\$0	0%
Financial Statement Exceptions – After Corrections	\$0	0%
Total Dollar Volume of Loans Reviewed	\$2,369,492	

### **Exit Meeting**

On March 29, 2022, a discussion was held with Business Finance Analyst Justin Mabie. Representing the Wyoming Division of Banking was Bank Examiner Cole Vizina.

  
Joe Mulberry, Interim Commissioner

## **Exhibit “D”**

### **Wyoming Business Council Challenge Loan Report of Examination Summary and Management Corrective Actions**

## **Exhibit “E”**

### **Cumulative Loan Loss Reserve & Challenge Loan Portfolio History and Current Status**



**WYOMING BUSINESS COUNCIL  
LOAN CHARGE OFF BALANCES  
December 31, 2021**

BORROWER	PRINCIPAL AMOUNT	DATE OF CHG OFF	RECOVERY POTENTIAL	PRINCIPAL AFTER RECOVERY	% OF TOTAL	COLLECTION EFFORTS
<b>CHALLENGE LOAN</b>						
XL2, LLC	\$104,099	3/31/2004	None	\$104,099		Settlement and final payment agreed to by all parties 11/04
Heartland BioComposited, LLC	\$78,275	9/30/2010	Doubtful	\$78,275		Lead bank may pursue a guarantor for payment and will pass along proceeds
Wind River Mushrooms, Inc.	\$25,141	12/2/2010	None	\$25,141		Almost no chance of recovery
805, LLC	\$19,469	9/15/2011	None	\$19,469		Short sale and borrowers paid negotiated deficiency
WYCO Recycling, LLC	\$32,028	5/16/2019	None	\$32,028		Company sold to competitor because of severe decline in commodity prices
	<b>\$259,012</b>	<b>24.9%</b>		<b>\$259,012</b>	<b>27.0%</b>	
<b>Economic Disaster</b>						
Scheuerman Farms	\$31,558	8/14/2002	None	\$31,558		Bankruptcy
DuWayne Gemant	\$12,263	10/8/2003	None	\$12,263		Bankruptcy
Walter Hibbert	\$3,402	2/19/2004	None	\$3,402		Bankruptcy, current balance is \$3,402.44
David Jolley	\$14,016	10/25/2005	None	\$12,465		Chapter 7 Bankruptcy - \$1,551.42 collected and applied 9-06
Stan Jones	\$18,041	5/28/2009	None	\$18,041		Almost no chance of recovery
Jones Brothers Enterprises	\$4,921	12/1/2011	Doubtful	\$4,921		Will continue to work with borrower to obtain payment
Weber Ag, LLC	\$484,950	12/9/2021	None	\$484,950		Operating line was not renewed by Bank (Pinnacle Bank in Worland) and business closed and WBC received nothing
	<b>\$569,151</b>	<b>54.6%</b>		<b>\$567,600</b>	<b>59.1%</b>	
<b>Seed Capital</b>						
Gas Sensing Technology Corp.	\$65,000	9/3/2009	Full Recovery	<del>(\$15,563)</del>		Paid in Full (Interest and Principal)
	<b>\$65,000</b>	<b>6.2%</b>		<b>(\$15,563)</b>	<b>-1.6%</b>	Interest was capitalized for a total balance of \$80,563.37
<b>STEAL</b>						
ET Ventures, LLC	\$105,801	3/15/2012	None	\$105,801		Assets liquidated and business sold
TK Industries, Inc.	\$42,918	3/15/2012	None	\$42,918		No discernible sales to collect payment
	<b>\$148,719</b>	<b>14.3%</b>		<b>\$148,719</b>	<b>15.5%</b>	

<b>Number of Charge Offs</b>	<b>15</b>
<b>TOTAL AMOUNT CHARGE OFF</b>	<b>\$959,768</b>

**Number of Charge Offs** 15  
**TOTAL AMOUNT CHARGE OFF** \$1,041,882

Challenge Loan Portfolio						
History and Current Status (As of 12-31-2021)						
Loan Original Date	Total Loan	Challenge Loan Portion	Borrower Equity	Originating Lender	Business/Location	Loan Status
<b>Albany County</b>						
6/24/2005	\$ 271,150	\$ 104,650		American National Bank	Delta NU / Laramie	9 Loan paid in full
5/10/2006	\$ 113,000	\$ 56,500		Security First Bank	Triphyto, LLC / Laramie	2 Loan paid in full
9/21/2009	\$ 4,502,761	\$ 500,000	\$ 15,062,900	First National Bank	Hotel Investment Services, Inc. / Laramie	24 Loan paid in full
6/2/2011	\$ 160,250	\$ 34,982	\$ 78,750	First Interstate Bank	Historic Investments, LLC / Laramie	Loan paid in full
6/26/2018	\$ 5,000,000	\$ 5,000,000	\$ 17,000,000	NA - Direct Loan	DBJDM Enterprises LLC / WyoTech	74 Paying as agreed
<b>Totals</b>	<b>\$ 10,047,161</b>	<b>\$ 5,696,132</b>	<b>\$ 32,141,650</b>			<b>109</b>
<b>Carbon County</b>						
7/23/2013	\$ 297,500	\$ 104,125	\$ 52,500	Rawlins National Bank	L&L Ventures/ Rawlins	3 Paying as agreed
8/9/2013	\$ 609,793	\$ 210,000	\$ 168,699	Bank of Colorado	Cowboy Inn, LLC/ Baggs	13 Loan paid in full
<b>Totals</b>	<b>\$ 907,293</b>	<b>\$ 314,125</b>	<b>\$ 221,199</b>			<b>16</b>
<b>Converse County</b>						
10/1/2002	\$ 96,000	\$ 48,000		Converse County	AsCent 2000/ Douglas	2 Loan paid in full
<b>Totals</b>	<b>\$ 96,000</b>	<b>\$ 48,000</b>				<b>2</b>
<b>Fremont County</b>						
9/12/2007	\$ 700,000	\$ 250,000		1st Interstate Bank	Intermountain Electric / Riverton	20 Loan paid in full
4/1/2004	\$ 1,300,000	\$ 50,000		IDEA, Inc.	Pertech / Riverton	90 Loan paid in full
11/13/2007	\$ 74,605	\$ 37,306		Wind River Development Fund	Proform Technologies, Inc. / Riverton	2 Loan paid in full
6/29/2006	\$ 256,588	\$ 94,000		Wyo National Bank	Rocky Mtn. Agronomy / Riverton	1 Loan paid in full
8/20/2005	\$ 3,336,000	\$ 250,000		1st Interstate Bank	Wind River Mushrooms / Shoshoni	10 Business closed. Charge off \$25,141.30
5/20/2008	\$ 100,000	\$ 44,997		Wind River Development Fund	Wind River Health System, Inc.	9 Loan paid in full
8/4/2008	\$ 383,824	\$ 131,250		1st Interstate Bank	Lloyd Haslam DBA Crowheart Store	2 Loan paid in full
11/17/2008	\$ 976,685	\$ 250,000		First State Bank	Brent, LLC - Brown Co. building	3 Loan paid in full
12/15/2008	\$ 425,000	\$ 148,750		Wyo National Bank	Hede Living Trust - Bob Hede	2 Loan paid in full
3/11/2009	\$ 350,000	\$ 122,500		Wyo National Bank	Fremont Communications	2 Loan paid in full
3/27/2019	\$ 516,976	\$ 175,000	\$ 108,024	Central Bank & Trust	Redpointe, LLC	8 Paying as agreed
<b>Totals</b>	<b>\$ 8,419,678</b>	<b>\$ 1,553,803</b>	<b>\$ 108,024</b>			<b>149</b>
						<b>11</b>



9/22/2014	\$	225,000	\$	225,000		N/A - Direct Loan	Star Valley Natural Gas/Afton		2	Paying as agreed
<b>Totals</b>	<b>\$</b>	<b>2,656,694</b>	<b>\$</b>	<b>1,081,500</b>					<b>22</b>	<b>5</b>

<b>Natrona County</b>										
3/22/2002	\$	929,355	\$	250,000		Community 1st Bank	Const. Careers / Casper		4	Loan paid in full
2/10/2000	\$	1,000,000	\$	1,000,000		Amendment IV/ Challenge Loan	WIDC / Casper		5	Loan paid in full
5/31/2002	\$	2,500,000	\$	2,500,000		Challenge Loan	WIDC / Casper		250	Loan paid in full - RLOC used for re-lending
<b>Totals</b>	<b>\$</b>	<b>4,429,355</b>	<b>\$</b>	<b>3,750,000</b>					<b>259</b>	<b>3</b>

<b>Park County</b>										
2/25/1998	\$	375,000	\$	187,500		Powell Inc.	Allied Seed / Powell / Park County		Business closed in '03	Collateral was sold loan paid in full (2004)
5/7/2008	\$	974,994	\$	250,000		1st National Bank & Trust	Team'd Up, LLC		5	Loan paid in full
7/13/2009	\$	931,764	\$	250,000	\$	318,236	Pinnacle Bank		4	Loan paid in full
12/2/2009	\$	595,000	\$	174,000	\$	127,000	1st National Bank & Trust		3	Loan paid in full
<b>Totals</b>	<b>\$</b>	<b>2,876,758</b>	<b>\$</b>	<b>861,500</b>	<b>\$</b>	<b>445,236</b>			<b>12</b>	<b>4</b>

Loan Original Date	Total Loan	Challenge Loan Portion	Borrower Equity After 7/1/09	Originating Lender	Business/Location	Reported Jobs Created	Loan Status
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Platte County									
5/13/1998	\$	500,000	\$	250,000		Wheatland Area Economic Dev.	Assisted Living / Wheatland	8	Loan paid in full
9/28/2007	\$	288,000	\$	100,000		Platte Valley National Bank	BH, Inc. / Wheatland / Platte County	10	Loan paid in full
11/2/2006	\$	560,000	\$	230,000		First State Bank Wheatland	Lockhaven, LLC / Wheatland / Platte County	2	Loan paid in full
6/20/2006	\$	354,250	\$	150,000		Platte Valley Bank	Tilman & Witt / Wheatland	1	Loan paid in full
8/31/2006	\$	785,000	\$	250,000		Platte Valley Bank	Wheatland COOP / Wheatland	8	Loan paid in full
Totals		\$	2,487,250	\$	980,000			29	5

Sheridan County									
9/1/2002	\$	285,000	\$	92,750		Sheridan State Bank	SAR, Inc / Sheridan	5	Loan paid in full (2005)
1/25/2002	\$	450,000	\$	180,000		Cowboy State Bank	XL2,LLC / Sheridan / Sheridan County		Charge off \$104,099; Owner convicted of fraud by U.S. District Court





