

SUMMARY OF BORROWING ARRANGEMENTS OFFERED BY BANKS

Type	Purpose	Repayment	Terms
Special commitment	Support isolated increases in current assets	Sale of current assets	Short (30-90 days)
Operating line of credit	Support daily operations of business	Conversion of current assets to cash	Annual renewal with interest monthly, principal reduced to \$0 periodically
Permanent working capital line of credit	Permanent increases in accounts receivable and inventory	Excess cash generated from increased sales	Annual renewal with interest monthly, principal limited to collateral formula
Seasonal line of credit	Inventory purchases, support accounts receivable	Sale of inventory or collection of accounts receivable	Short, matched to operating cycle
Standby letter of credit	Facilitate domestic inventory purchases	Cash flow or sale of collateral	Unfunded extension of credit, annual fee charged
Term loan	Fixed assets	Cash flow from operations	Principal and interest monthly over useful life of fixed assets purchased or cash flow, whichever is shorter
Lease financing	Fixed assets	Cash flow from operations	Monthly rent over the useful life of fixed assets or lease term, whichever is shorter