

Nomination of the

**Nebraska Center for Entrepreneurship
University of Nebraska – Lincoln**

for the 2004 USASBE Entrepreneurship Education National Award in

Innovative Entrepreneurship Education Courses

Submitted by:

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Executive Summary

Nominee: University of Nebraska – Lincoln,
Nebraska Center for Entrepreneurship

Purpose of the course: This experiential course is designed to facilitate development of entrepreneurial mindset and skills. Through the experience of launching and running their own legally recognized businesses within the semester, student participants enhance their understanding of entrepreneurial processes and foundational business concepts. The Nebraska Center for Entrepreneurship (NCE), in conjunction with Wells Fargo & Company and Nebraska's Community Resource Development Fund, has created a program to provide students with a safe learning environment and access to a variety of resources to create an exceptional business startup experience. The course is designed to facilitate a smooth transition to other resource providers at the end of the semester to allow continued mentoring of the entrepreneurs in their young firms. Using a common metaphor from baseball, in an era when much of the focus of courses in new venture creation is on "hitting home runs," this course is for "singles' hitters," with the philosophy that "you can't score if you don't get on base."

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Program Objectives: Specific program objectives are geared toward students, in order that they will:

- Experience starting and running a business, providing a framework in which all prior and subsequent knowledge learned in the classroom setting can be assimilated.
- Expand support networks by interacting with various Nebraska small business owners, Nebraska professionals (such as bankers, lawyers, and accountants), and other organizations associated with the launch of new ventures.
- Have access to a pool of funds (either in the form of a loan with competitive interest rates OR in the form of equity funds from a professional investor) earmarked specifically to facilitate the launch and growth of new student ventures.
- Be exposed to proprietary and non-proprietary ideas that are waiting for a business structure.
- Be actively involved in determining specific "response-to-need," course content by accepting responsibility for setting business meetings designed to address firm-specific startup issues in which the instructor and class peers participate.
- Have follow-up access to the Community Resource Development Fund (CRDF) – a state and federally sponsored organization designed to help new micro enterprises stay in business during the early stage of their existence by providing coaching, mentoring, and connections to small business resources throughout Nebraska – to help student businesses stay up and running after the semester's end, if they so choose.

Population Served: This program is specifically designed for any UNL undergraduate student (business or non-business) who is ready to start, or is engaging in business transactions prior to becoming, a formally recognized business entity. The course is included in the entrepreneurship curriculum at an introductory level, allowing students to enroll without prerequisites. The program provides a broad experience and a basic overview of general business concepts that equip course participants with the information necessary to focus their college education on their new venture creation (by taking subsequent entrepreneurship courses, for example) and provides non-business majors with the information and resources necessary to get a

business of the ground. Other than a course limit of twenty-five, there are no other restrictions placed on enrollment. Appendix A provides summaries of the businesses that are being launched this fall 2003 semester.

Program Description: In order to receive a passing grade for this course, students must register their businesses (which must have an initial capitalization of no less than \$500) as a legal entity and complete at least one transaction with a targeted customer of the new firm. To receive a letter grade above the minimum (D), students must document their business practices in other key aspects of their businesses – marketing, people, bookkeeping, operating systems and policies. As are identified in the abbreviated course syllabus provided in Appendix B, the course offers the students a choice of learning outcomes and developmental learning activities and allows them to tailor their course experience to the needs of their specific venture. The course instructor serves as a mentor/coach, resource facilitator, cheerleader, and “devil’s advocate.” The course meets twice a week. One of the sessions is dedicated to common resource inputs. The other is set aside for business meetings arranged in response to the needs of the individual firms. This second meeting resembles the meetings often held by groups of business owners in communities across the country (e.g., YEO, YPO). Individual students are responsible for preparing the agendas for these sessions.

Program Features: The program consists of several key features:

- **Resources:** By participating in this course students have access to financial resources including the Wells Fargo loan money (in amounts determined by the startup needs of the students’ enterprises and for durations supported by the ability of the firms to repay) and equity investors affiliated with the NCE; human resources such as small business owners in the community and various service professionals (lawyers, accountants, bankers, etc.); organizational resources such as the Small Business Association and the Lincoln Community Resource Development Fund; and literary resources including text books, current practitioner articles, and various databases.
- **Hands on/Peak Performance Learning:** In addition to the experience of starting a new venture, students are in charge of developing their own plan for learning. Students choose from a menu of learning activities geared to enhance their experience to create their own overall learning experience. This allows them to become active in their own learning by selecting activities according to their own strengths and interests that they deem valuable.
- **Peer Owner Learning:** Students also learn within a community of peers who share with them a desire to make jobs rather than take jobs. Underlying this course is the belief that the experience shared by business owners is distinctly different than that shared by managers and non-manager employees. Peer ownership learning enables the students to see and think about their ventures from a common experience – walking the new venture creation walk, not just talking or planning.

Features of the Course Pedagogy:

1. **Core Learning Area: New Venture Creation**

As the primary objective of this course is to introduce students to the foundational concepts of new business start-up and business ownership using “hands on” experience, students will actually launch and operate a business venture over the course of the semester. This experience will act as the primary teacher of issues in creating new businesses, while providing a framework to apply concepts arising in the classroom. The “Core Learning Area” is a required element of the course. This is also the only area in which group work is acceptable. There is no limit to the size of the group and it is up to the students to form (or, to help form) your group, if that is how they choose to work.

- a. Two Tracks: All businesses must have a minimum capital investment of \$500 (and, we hope, unlimited potential). Students will have two ownership options from which to gain their experience:
 - 1) Legal Formation (Student owned): Students who choose this option will accept personal/contractual liability for funds invested. In this case, profits will be distributed according contractual agreements among owners.
 - 2) Subsidiary venture (NCE Owned): Students who choose this option will be guaranteed between \$500 and \$1000 to start and run a business that will be owned by NCE. In this case, all borrowed funds (with interest) must be re-paid to the Center and the Center will retain any profits from ongoing operations of the business. Any venture that uses Center supported financial resources is required to have tangible goods, rather than services as products.
 - b. Required Core Learning Components
 - 1) Portfolio: Annual Report, Financing Proposal/Start-up budget, Evidence of formation as a legal entity, Marketing/Promotional Material(s), Operations Information, Evidence of Bookkeeping.
 - 2) Others Tasks: Peer/Self Evaluation, Presentation, Individual Written Report, Business Meetings, Mentor Meetings, and Journals.
2. Customized Developmental Learning Opportunities
- In addition to the core assignment, students may choose any combination of activities from the developmental learning opportunity areas to achieve the course grade they desire. Each area offers a variety of activities with different contributions to the final grade from which they can choose.
- a. Area # 1: Entrepreneurial Resources and Networking (Best Practices, Workshops/ Conferences, Community Service, Entrepreneur Interviews, Professional Association Meetings, Other).
 - b. Area # 2: Classroom Experience (Attendance, Participation/Round Table Discussion, Presentation, Speaker, Class Discussion Leadership, Book Review, Other).
3. Learning Action Plan
- By the third week of classes, students are expected to provide a plan for their work in this course. This timeline specifies the activities they plan to pursue, along with due dates for each. This is the plan (in conjunction with their specific activity proposals) that is used for grading purposes. This plan should adhere to the following guidelines:
- a. Outline each student's learning objectives for the semester.
 - b. Specification of which Core Learning activities each student plans to complete to best achieve his or her objectives. In addition, they must create some specific initial goals for their venture: incorporation dates, start-up/product launch dates, profit expectations, estimated costs, market potential/size served, etc.
 - c. Specification of which Developmental Learning activities each student will complete and the development of a timeline for completion of these activities.

Unique Program Features: The key features of this program stem from the individual and combination of partnerships that make the experience possible, including:

- Focus on facilitating the business startup experience. This course is based on the expectation that for many entrepreneurs the most successful venture is not the first one they start. What often aids later success(es) is their experience with their initial new venture attempt – financially profitable or not. Entrepreneurs learn from experience. This course attempts to provide an environment in which learning from one's first startup experience can be maximized.
- Partnership with Wells Fargo & Company. This is the first use of Wells Fargo's community development funds to support student enterprises. Wells Fargo has expressed interest in supporting similar programs in colleges and universities in all the states in which it conducts business. This course format would seem to provide a model for other programs to work with

Wells Fargo or other financial institutions. (The purpose of Wells Fargo's EQ2 program and the basic outline of the agreement used for this program are found in Appendices C and D.)

- Partnership with Lincoln's Community Resource Development Fund Program. This is the first linkage between a community organization that has been created to promote micro enterprises in Nebraska and students of the university, who often fit the type of entrepreneurs the program is intended to serve. The Lincoln CRDF executives have indicated that this type of organization exists in other Nebraska communities and in many other cities in the United States. We are particularly encouraged because this partnership allows the businesses started during the semester to have continuous support even after the end of the semester and, in some cases, graduation of the entrepreneurs.
- A student owner peer network. This course allows undergraduate students to share the experience of business ownership with their peer owners. These students, a small percentage of the overall student population and spread among UNL's nine colleges, do not otherwise have the opportunity to meet and interact with similarly minded students. We have found that the conversations these job creating students have with each other differ from the business discussions of job seeking students.

Sources of Funding/Support: Five primary parties are involved with this program: NCE, Wells Fargo & Company, UNL's Office of Technology Transfer, the Lincoln's CRD, and a private professional investor. NCE is solely responsible for delivering the academic dimension of the program (finding students, teaching courses, etc.). Wells Fargo & Company acts as the primary source of debt funding by providing a \$50,000.00 loan at two percent interest for a period of ten years, through its EQ2 community lending program, to a 501(c)(3) organization affiliated with UNL. UNL's Center for Technology Development, a component of UNL's Technology Transfer Office, is the 501(c)(3) organization responsible for oversight of the funds provided by Wells Fargo, and its board, on which a senior officer of Wells Fargo sits, has final approval of all loans. Loan applications are initially reviewed by student teams in UNL's banking courses, under the direction of a Wells Fargo commercial loan officer. The Lincoln CRDF is contracted with by NCE to manage the student loan accounts (loan disbursement, collection, and general management). This contractual arrangement was a logical choice, because the CRDF was created to manage micro loans and small startup enterprise founders, and because the student businesses will be passed to it for continued assistance at the end of the semester. A professional investor, who serves as the general partner in a venture capital fund, provides the equity funds. The investor has pledged \$50,000.00 in seed equity to support startup ventures associated with this course. Requests for equity will be vetted through the venture capital firm, primarily to provide the undergraduate student entrepreneurs with an opportunity to experience this process.

Program Outcomes: Students should complete the program with:

- A solid understanding of at least one way to get a venture off the ground.
- An expanded network of individuals that can aid student in the pursuit of new or growth of current ventures.
- An expanded resource base, including literature and access to small business organizations.
- Creative problem solving skills that enable them to confront the ambiguities of new venture creation.
- The ability to produce professional quality work, as only professional quality work is accepted.
- A better chance to stay in Nebraska as business owners.

Appendix A: Fall 2003 Business Descriptions

Bestdealz.com. Bestdealz.com is an internet auction company selling discounted DVD's. The company plans to post auctions through eBay and drop ship products directly to customers. Owners have obtained special access to a discount DVD wholesaler, which will be its primary supplier.

Briggs Medical Software. Briggs Medical Software is a company specializing in computer software for orthopedic surgeons focused on making the medical examination and referral process more efficient. The company plans to hire someone to develop a software program designed to save money and time, allowing the patient base to be increased, leading to additional income for the practice. In addition, offices will save in general and administrative costs by eliminating the traditional paper system.

Creating Ambience. Creating ambience is the theme fueling this graphic design/event planning business. The primary aim of the business is to design materials, brand recognition, and events with the atmosphere that the client strives to portray. Creating Ambience is interested in targeting individuals and smaller, new businesses with graphic design and event planning needs. So far, clients have requested business cards, logo design, invitation design, and party planning.

Final Rep Fitness Systems. Sixty percent of Americans are either obese or overweight, and many don't feel comfortable exercising in a health club. "The Final Rep Fitness Systems" is a venture of personal trainers that pool resources to train clients at their location of choice. It is common to find health clubs offering personal training in the phone book, but it a few and far between to find an independent trainer who will come to you. The Final Rep will be the first name that comes to mind when one thinks of personal fitness training.

Guido Entertainment. Guido Entertainment plans to take older arcade style video games and put them into local Lincoln and surrounding communities businesses. The company will primarily focus on smaller restaurants and other establishments where individuals spend larger quantities of idle time. Guido Entertainment will focus on bringing fun and exciting video game entertainment for people of all ages.

Home Automation Systems, Inc. Home Automation Systems, Inc. involves the selling and installation of home automation systems, which may include simple systems that turn lights on and off, and more complex systems that can monitor and control all electronic aspects of a home or office.

Husker E-Z Clean. Husker E-Z Clean is an on location steam cleaning/car detailing business. The company plans to market directly to apartment and business complexes and living communities, which have parking lots or driveways filled with the same cars daily/nightly. Customers can call to have their car detailed while at work, in a meeting, or in their homes, eliminating the need for them to travel to have their car cleaned and saving them time in the process.

i think, Inc. i think, Inc. is a custom t-shirt design business focused on creating unique products for the Nebraska sports fans. The company primarily targets young adult males with its outside of the norm humor presented on products. i think, Inc. is the unique outcome of a combination of owner interactions with University marketing associates, who wanted a cut of their profits when using the words "Nebraska" or "Huskers" and personal attorneys, who informed the owners that royalties do not apply when expressing opinions.

Panettone, Inc. Panettone, Inc. specializes in the production of Panettone, an Italian dessert/holiday bread. As a product manufacturer, the bread will be made and distributed to local grocery stores, hotels, coffee shops, etc. for resale. Eventually, Panettone, Inc. would like to produce and package a par-baked version of Panettone, which could be kept frozen, shipped anywhere in the country, and be baked fresh daily by any store that has an oven.

Appendix B: Abbreviated Syllabus for ENTR 121

Course Description and Objectives: This is an experiential course designed to facilitate development of entrepreneurial mindset and skills. This means that through the experience of launching and running your own business within the semester, you will come to understand entrepreneurial processes and some foundational business concepts.

Texts: There are no specific text books to purchase from the book store for this course. Rather, as a class, we will derive a collection of readings to which we (individually or collectively) have access (through the library, Internet, other classes/personal resources, etc.) that is helpful in achieving the combined learning objectives of the students. **All students are expected to contribute to this collection.**

Peak Performance Learning: The Peak Performance Learning Model (PPL), used by Robin Anderson, University of Oregon, is designed to enable you to excel in areas you are most interested and to allow you to design the curriculum to fit your talents. PPL places a strong emphasis on the quality of your work, as only professional quality work will receive credit. Thus, if a project is completed in a mediocre fashion, it will be returned to you to be brought up to a professional quality level. The end result is that ALL of your work will be of "A" quality. Your grade is determined by the quantity of professional quality work you complete.

Course Format: This course is divided into two distinct learning areas. Each area has a number of activities from which you can choose to achieve the grade you desire. The Core Learning Area is designed to meet the primary objectives of the course and is required of all students. The Developmental Learning Opportunities are designed to enhance the Core Learning experience, while allowing students to choose their own course of study. The menu of activities follows:

Core Learning Area: New Venture Creation (150 - 175 Available Points)

- Portfolio (50 – 100 pts.): Which should include: Annual Report, Financing Proposal/Start-up budget, Evidence of formation as a legal entity, Marketing/Promotional Material(s), Operations Information, and Evidence of Bookkeeping
- Peer/Self Evaluation (10 pts.)
- Presentation (10 pts)
- Individual Written Report (10 pts.)
- Business Meetings (5 – 30 pts.)
- Mentor Meetings (10 – 30 pts.)
- Journals (10 pts./journal)

Developmental Learning Opportunities

Area # 1: Entrepreneurial Resources and Networking (125 Available Points)

- Best Practices Tours (10 – 50 pts.).
- Workshops/Conferences (5 – 10 pts.)
- Community Service (5 – 10 pts.).
- Entrepreneur Interviews (10 – 40 pts.)
- Professional Association Meetings (5 – 15 pts.) – 3 max
- Other: you can present alternative learning activities for this area and upon approval and your completion of the negotiated project you will be awarded the appropriate points.

Area # 2: Classroom Experience (100 Available Points)

- Attendance (-? – 40 pts.)
- Participation/Round Table Discussion (5 pts./day) – 10 pts. max (0 – 50 pts.)
- Presentation (12.5 pts.):
- Bring in a speaker (15 – 30 pts.)
- Lead class discussion (10 pts.)
- Book Review (10 pts.)
- Other: you can present alternative learning activities for this area and upon approval and your completion of the negotiated project you will be awarded the appropriate points.

Appendix C: Wells Fargo EQ2 Description

National banks including Wells Fargo are encouraged under the Community Reinvestment Act (CRA) to identify and fund “Qualified Investments” as part of their CRA evaluation. The CRA evaluation, based in part on the OCC’s Investment Test, looks at a bank’s record of helping to meet the credit needs of its assessment areas through qualified investments that benefit its assessment area or a broader statewide or regional area that includes the bank’s assessment area. The following business groups primarily make CRA at Wells Fargo:

- **Wells Fargo Community Development Corporation (CDC):** The Wells Fargo CDC, as wholly owned subsidiary of Wells Fargo & Company, manages CRA investments on a company-wide level. The CDC is managed by its President and CRA Investment Manager with support from accounting and financing specialists as CDC’s Community Development Investment efforts by buying and selling CRA Qualified Fixed Income Investments on the secondary market.
- **Community Banking Regions:** Each Community Banking Region has a portion of the Wells Fargo CDC budget allocated to their geography for a CRA investment purposes. The allocated portion of the CDC’s budget for the Community Banking Regions will typically go to the fund below-market interest rate, long-term debt financing for qualified non-profit organizations, Community Development Financial Institutions (CDFIs) and others, the so-called “equity-equivalent” investments or “EQ2 Loans”. The amount of the Wells Fargo CDC regional allocations are based on their Tier 1 Capital and community investment needs in each market. In addition, on a limited basis, some Regions also book CRA investments directly to their individual bank portfolios.

Wells Fargo CDC primarily seeks to:

- Select community development investments based on local needs – the Wells Fargo CDC relies on the local market knowledge provided by regional Community Development Officers to help assess the community development needs in a particular market such as affordable housing, economic development, first time home buyer programs and so forth, and works with existing agencies that are helping to address these needs.
- Work closely with other financial institutions, government agencies and nonprofit organizations, in structuring investments, selecting professional management, and often forming the organization – the Wells Fargo CDC believes that cooperation between the banks and other entities is often very essential for the financial success and viability of these community development organizations. Nonetheless, the Wells Fargo CDC must be mindful that these same organizations that it supports and helps develop may in the future actually become competitors to Wells Fargo’s business.
- Work with organizations that have proven a track record in their fields – the Wells Fargo CDC would like to ensure to the greatest extent possible that its funds are directed to organizations that have proven track records in managing funds for the stated purpose. To achieve this, the Wells Fargo CDC performs the necessary background and reference checks, including relying on the knowledge concerning these organizations provided by local Wells Fargo representatives.
- Ensure that the interests of the Wells Fargo CDC are consistent with the interests of the investment vehicle’s manager – these interests include the financial, reputation, and performance risks associated with various investment vehicles.
- Achieve economic returns on investments which are consistent with market returns for similar investments. The Wells Fargo CDC will seek market returns for various investment vehicles and must consider these returns when deciding whether or not to fund potential investments.

Appendix D: Example of Wells Fargo Loan Agreement

LOAN AGREEMENT (Example Only)

This Loan Agreement is entered into as of February 14, 2003 by and between the University of Nebraska Technology Development Center, a non-profit corporation ("Borrower"), and Wells Fargo Community Development Corporation, a Nevada corporation ("Wells Fargo").

RECITALS

WHEREAS, Borrower is a non-profit corporation whose purpose is to operate and manage the affairs, property, business and activities associated with ENTR 121, an academic course in the College of Business Administration at the University of Nebraska-Lincoln (The Program).

WHEREAS, Borrower is not able to issue stock to raise capital to fund the Program.

WHEREAS, Wells Fargo wishes to make investments which promote the public welfare in Borrower's targeted neighborhoods and is willing to assist Borrower in the funding of the Program.

WHEREAS, in order to invest in Borrower, Wells Fargo is prepared to make an equity-equivalent investment in Borrower, structured as a loan on the terms and conditions specified in this Agreement.

NOW THEREFORE, the parties hereto agree as follows:

1. The Loan Terms Wells Fargo agrees to lend to Borrower, in a single advance, the principal sum of (here \$50,000.00). Borrower agrees to repay the Loan together with interest at a fixed interest rate equal to 2% on the principal sum outstanding for the first ten years of the Loan. A fixed interest rate equal to 6% on the principal sum outstanding after the first ten years of the Loan will accrue until the Loan is fully paid. Interest when accruing on the principal sum outstanding of the Loan shall be calculated on a 360-day year consisting of twelve 30-day months. Interest shall be payable quarterly commencing on the last day of the next calendar quarter following the initial disbursement. The outstanding principal balance of the Loan and accrued but unpaid interest shall be due and payable ten years from the date of the initial disbursement ("Maturity Date"), subject to one mandatory extension and discretionary extensions as follows. Wells Fargo is obligated to extend the Loan's Maturity Date for an additional year if Borrower continues to satisfactorily perform all its obligations under this Agreement, including those set forth in Section 6 below; annually thereafter, Wells Fargo has the option of extending the Loan's Maturity Date for an additional year, but is not obligated to do so. In the event Wells Fargo does not extend the Loan's Maturity Date, upon notice to Borrower, the outstanding principal balance of the Loan and accrued but unpaid interest shall be immediately due and payable. All payments received by Wells Fargo hereunder will be credited, first to accrued but unpaid interest, and then to the outstanding principal balance. Borrower may pre-pay the Loan, in whole or in part, at any time without penalty. Wells Fargo agrees that this debt shall be subordinated to all other creditors, except that this debt shall be on par with any other subordinated loan that is made on the same or similar terms.
2. Purpose and Use of Proceeds Borrower must use the proceeds of the Loan to operate its business to achieve its community development objectives. So long as any part of the Loan remains outstanding, Borrower must furnish Wells Fargo with a semi annual report of development activity in such detail as Wells Fargo may from time to time reasonably request.
3. Conditions. Wells Fargo's obligation to make the Loan shall be subject to the following conditions:
 - a. Contemporaneously with its execution and delivery of this Agreement, Borrower must deliver to Wells Fargo (i) a certified copy of its Articles of Incorporation; (ii) a true and correct copy of a letter from the Internal Revenue Service confirming that Borrower is in good standing as an IRC §501 (c)(3) tax- exempt organization; and (iii) a duly completed and signed IRS Form W-9 or other request for taxpayer information reasonably satisfactory to Wells Fargo. Borrower represents and warrants that so long as any part of the Loan remains outstanding it will maintain its IRC § 501 (c)(3) tax-exempt status.
 - b. Borrower represents and warrants that the Loan and the execution and delivery of this Agreement have been duly authorized by its board of directors and, prior to the funding of the Loan, must deliver to Wells Fargo a certified copy of an appropriate corporate resolution or other evidence of this authorization reasonably satisfactory to Wells Fargo.
 - c. This subsection applies only if Borrower is a certified community development financial institution. Contemporaneously with its execution and delivery of this Agreement, Borrower

must deliver evidence reasonably satisfactory to Wells Fargo that it is a certified community development financial institution in accordance with the provisions of 12 C.F.R. Sections 1805.200 and 701. Borrower represents and warrants that so long as any part of the Loan remains outstanding it will maintain its status as a certified community development financial institution.

- d. Borrower agrees to establish a deposit account at any Wells Fargo community bank store into which Wells Fargo will fund the proceeds of the Loan. So long as any part of the Loan remains outstanding, Borrower must maintain such Wells Fargo community bank deposit account.
4. Acceleration of Maturity Notwithstanding any other provision of this Agreement, Wells Fargo may accelerate the maturity of the Loan, and the entire outstanding principal balance and accrued but unpaid interest shall become immediately due and payable only if Borrower ceases its normal business operations. For the purposes of this Agreement, Borrower ceases its normal business operations if it changes its line of business, uses the proceeds of the Loan for a purpose other than that specified in Section 2 of this Agreement and such other purpose does not serve the public welfare as determined by Wells Fargo, files or is the subject of a bankruptcy petition or similar action, or is liquidated or dissolved or makes an assignment for the benefit of creditors.
 5. Financial Reporting. In addition to the semi annual reports on investment activity required in Section 2 of this agreement, Borrower shall undertake the following obligations in connection with this Agreement:
 - a. Permit Wells Fargo and any reasonable number of its officers or employees, or any outside representatives designated by Wells Fargo and reasonably satisfactory to Borrower, and to visit and inspect, at the expense of Wells Fargo, any of the properties of Borrower, including their books and records, and to discuss their affairs, finances and accounts with their officers, except with respect to trade secrets and similar confidential information, to such reasonable extent and at such reasonable times and intervals as Wells Fargo may reasonably request without disruption of Borrower's operations.
 - b. Deliver to Wells Fargo (i) as soon as practicable after the end of each fiscal quarter following the date of disbursement and in any event within 45 days thereafter, unaudited financial statements, including a balance sheet, income statement; (ii) as soon as practicable after the end of each fiscal year and in any event within 120 days thereafter, complete audited financial statements, including a balance sheet, income statement and statement of changes in cash flows, prepared in accordance with generally accepted accounting principles and setting forth in each case in comparative form the figures for the previous fiscal year.
 - c. Certify to Wells Fargo, as soon as practicable after the end of each fiscal year and in any event within 120 days thereafter, that Borrower is in strict compliance with each and every promise, condition and obligation required to be performed by Borrower under this Agreement. The certification must be signed by both the chair of Borrower's board of directors or other governing body and the executive director or chief financial officer of Borrower.
 6. Additional Performance Obligations. In addition to obligations required in Section 2 and 5 above, Borrower shall undertake the following obligations in connection with this Agreement:
 - a. Borrower shall pay Wells Fargo interest quarterly and principal at maturity as agreed, subject to the subordination provisions contained in this Agreement.
 - b. Borrower shall maintain management and staff with skills necessary to manage its operations in a sound business manner.
 - c. A 90-day cure period from the date performance is required without any notice from Wells Fargo is hereby allowed for any interest payment default or violation of this Agreement, and Borrower's failure to make such required payment or cure such default or other violation within such 90-day period shall thereafter constitute a non-curable breach of this Agreement entitling Wells Fargo to exercise its remedies under Section 4 above.
 7. General. The relationship of Wells Fargo and Borrower is that of debtor and creditor and does not constitute a partnership, joint venture, or any other type of business organization. Neither party shall have any authority to act on behalf of or obligate the other party, and Wells Fargo assumes no liability whatsoever for any decision, action or omission taken by Borrower at any time prior to, during or after the term of the Loan described in this Agreement.