

THE HUGHES FAMILY BANK

James E. Hughes, Jr., Esq.

I) PHILOSOPHY

- (A) The Revenue side of the Family Balance Sheet
- (B) Enhance each family member's goals
- (C) High risk/Low interest lender
- (D) Expectation that loans will be repaid
- (E) Adopt the Rothschild model

II) ORGANIZATION

- (A) Not formally chartered so no possible regulation
- (B) Board of Directors
 - (1) Only family members
 - (2) Over 21-Advisory voting
 - (3) Over 16-Attend meeting
 - (4) *Mater familias* as Chairman/Casting Vote

III) OFFICERS

- (A) Chairman
- (B) Secretary
- (C) Board member other than Chairman and Secretary designated facilitator at each meeting

IV) MEETINGS

- (A) General- all family meetings will include "Family Bank" issues as an agenda item
- (B) Special- called by Chairman whenever a loan application made if not coincident with a general meeting
- (C) Meeting may be held telephonically, by e-mail or in person

V) ADVISORY BOARD

- (A) Non family members
 - (1) Mentors
 - (2) Special loan applications requiring special issue expertise

VI) FUNDING- Optional with *mater familias*, but initially on a project-by-project basis

**PROCEDURE FOR LOAN
APPLICATION & APPROVAL/DISAPPROVAL
PROCESS FOR HUGHES FAMILY BANK**

I. FORM OF APPLICATION

- (A) Detailed narrative of project
 - (1) general business conditions
 - (2) special opportunities
 - (3) competition
 - (4) organization
 - (i) form of entity
 - (ii) staffing
 - a) Types
 - b) Compensation
- (B) Detailed Financial Projections
- (C) Supporting information
 - (1) mentors' comments
 - (2) others

II. PROCESS OF APPLICATION

- (A) Proposal circulated to all directors voting and non-voting
- (B) Meeting called by chairman 30 days after proposal sent to directors
- (C) Applicant makes oral/written comments at meetings of the directors
- (D) Directors vote on an advisory opinion and applicant notified of outcome.
Applicant may elect to defer vote, if after hearing discussion, applicant
feels more work needs to be done on the application
- (E) Chairman renders his/her decision

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