



REVOLVING LOAN FUND MANAGEMENT PLAN

ADOPTED BY THE LCLGRP BOARD ON APRIL 18, 2019
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PROGRAM OVERVIEW

The Lake Champlain-Lake George Regional Planning Board (LCLGRP) manages three Revolving Loan Fund Grant Awards sponsored by the US Department of Commerce/Economic Development Administration.

As a program requirement, the LCLGRP must administer the RLF in accordance with this EDA-approved RLF Plan. In an effort to remain current with changing economic conditions and business needs, the LCLGRP is updating its RLF Plan to meet EDA requirements for the 5-year plan revisions. A summary of each Revolving Loan Fund follows:

EDA Award # 01-19-02546* (RLF 1)

This Program is to provide low cost, short term financing to small businesses that are unable to obtain conventional bank financing. Loan funds are to assist small businesses with fixed asset loans for acquisition and improvement of land, buildings, plant and equipment, including new construction or renovation of existing facilities, and working capital loans for the start-up of new business or expansion of existing business. Additional capital in this fund was received from the Black River – St. Lawrence Regional Planning and Development Board, with the understanding that funding is available in the Black River – St. Lawrence Region, as well as in the LC-LG Region.

Capitalized – 1985

Total Loans Made – 111

Total RLF Funding - \$1 million

RLF \$ Loaned - \$7,616,655

Private and Other \$ Leveraged by RLF - \$36,963,500

Total Project Financing - \$44,580,155

Total Private Sector Jobs – 664 Created/Saved

Project Service Area – Clinton, Essex, Hamilton, Warren, Washington, Jefferson, St. Lawrence and Lewis Counties

EDA Award # 01-39-02913 and # 01-39-02913-01* (RLF 2 and 3)

This Program is to provide low cost, short term financing to small businesses that are unable to obtain conventional bank financing. Loan funds are to assist small businesses with fixed asset loans for acquisition and improvement of land, buildings, plant and equipment, including new construction or renovation of existing facilities and working capital loans for the start-up of new business or expansion of existing business.

Capitalized – 1988

Recapitalized – 2000

Total Loans Made – 73

Total RLF Funding - \$716,287

RLF \$ Loaned - \$4,151,004

Private and Other \$ Leveraged by RLF - \$10,101,930

Total Project Financing - \$14,252,934

Total Private Sector Jobs – 400 Created/Saved

Project Service Area – Clinton, Essex, Hamilton, Warren and Washington Counties

EDA Award # 01-79-14199* (RLF 4)

This funding pool was made available through the Tropical Storm Irene Disaster Relief Fund. The priority of this loan fund is to assist small businesses that were negatively affect by Tropical Storm Irene. Funds may also be used to assist small businesses throughout the region with increasing their disaster resiliency. Additionally, this Program is to provide low cost, short term financing to small businesses that are unable to obtain conventional bank financing. Loan funds are to assist small businesses with fixed asset loans for acquisition and improvement of land, buildings, plant and equipment, including new construction or renovation of existing facilities and working capital loans for the start-up of new business or expansion of existing business.

Capitalized – 2012

Total Loans Made – 12

Total RLF Funding - \$800,000

RLF \$ Loaned - \$1,310,000

Private and Other \$ Leveraged by RLF - \$4,316,800

Total Project Financing - \$5,626,800

Total Private Sector Jobs – 70 Created/Saved

Project Service Area – Clinton, Essex, Hamilton, Warren and Washington Counties

* Numbers accurate through 3/31/18

PART I: REVOLVING LOAN FUND STRATEGY

Comprehensive Economic Development Strategy

The Comprehensive Economic Development Strategy (CEDS) for the Lake Champlain-Lake George (LC-LG) Economic Development District is a tool that provides an analysis of the regional economy, serves as a guide for establishing regional economic development goals and objectives, helps develop and implement a regional plan of action, and identifies investment priorities and appropriate funding sources. Programs initiated and individual projects supported by the LC-LG Economic Development District must meet the mission statement of the CEDS which is to “promote sustainable economic development that strengthens our communities, provides quality jobs and preserves the unique natural, historical and cultural characteristics of the region.”

The CEDS shows that in many respects, the LC-LG Economic Development District is a microcosm of national and multi-state trends. There continues to be an overall loss of manufacturing in the region which to a large degree is being replaced by lesser paying service-related employment.

The CEDS endorses the use of a long established Revolving Loan Fund Program as a useful means to increase private sector investment in the region. The strategic purpose of the RLF Program is to provide low interest small business loans that result in long term job creation and increased commercial development activity. The RLF strategy, policy and portfolio standards are centered on the CEDS identified regional economic strengths and weaknesses.

An analysis of the local capital market recommends that RLF financing be directed to the major employment industries shown in Table 1. Table 1 lists each county with the 2016 average annual employment location quotient (LQ) for each of 19 industries. The LQ is a measurement of the concentration of a given industry as measured against the national average. An LQ of 1.0 represents the national average, therefore anything measured greater than 1.0 represents a higher locational concentration of that industry. An LQ below 1.0 indicates a lower concentration of an industry than the national average.

As can be seen in Table 1, each county has a greater number of employees within various industries, as compared to the national average. A list of the top three industries within the greatest employment LQ’s for each county are below. The “Other” industry includes any array of employment opportunities not captured in other industries including equipment and machine repair, religious activities, advocacy, grant-writing, dry-cleaning and laundry services, personal care services, pet care services, dating services and mortuary services.

Clinton County: Retail Trade
 Transportation and Warehousing
 Health Care and Social Assistance

Essex County: Mining, Quarrying & Oil and Gas Extraction
 Arts, Entertainment & Recreation
 Accommodations & Food Service

Hamilton County: Arts, Entertainment & Recreation
Accommodations & Food Service
Other

Warren County: Arts, Entertainment & Recreation
Accommodations & Food Service
Retail Trade/Other

Washington County: Agriculture, Forestry, Fishing & Hunting
Mining, Quarrying, and Oil & Gas Extraction
Retail Trade

LC-LG Region: Arts, Entertainment & Recreation
Accommodations & Food Services
Retail Trade

| Table 1. 2016 Average Annual Employment Location Quotient for five counties and the LC-LG Region. | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|--------------|
| Industry | Clinton | Essex | Hamilton | Warren | Washington | LC-LG Region |
| Agriculture, Forestry, Fishing & Hunting | 0.0 | 1.15 | 1.09 | 0.21 | 2.50 | 0.99 |
| Mining, Quarrying, and Oil & Gas Extraction | 0.0 | 1.86 | 0.0 | 0.6 | 1.93 | 0.88 |
| Utilities | 0.0 | 0.47 | 0.0 | 0.0 | 0.0 | 0.09 |
| Construction | 0.87 | 0.79 | 0.85 | 0.81 | 0.94 | 0.85 |
| Manufacturing | 1.14 | 0.73 | 0.0 | 0.94 | 2.0 | 0.96 |
| Wholesale Trade | 0.0 | 0.5 | 0.0 | 0.51 | 0.45 | 0.29 |
| Retail Trade | 1.36 | 1.11 | 1.06 | 1.29 | 1.11 | 1.19 |
| Transportation & Warehousing | 1.35 | 0.24 | 0.34 | 0.0 | 0.0 | 0.39 |
| Information | 0.57 | 0.54 | 0.35 | 1.04 | 0.23 | 0.55 |
| Finance & Insurance | 0.3 | 0.32 | 0.0 | 0.79 | 0.33 | 0.35 |
| Real Estate and Rental & Leasing | 0.8 | 0.52 | 0.0 | 0.68 | 0.26 | 0.45 |
| Professional & Technical Services | 0.37 | 0.22 | 0.0 | 0.59 | 0.0 | 0.24 |
| Management of Companies & Enterprises | 0.16 | 0.2 | 0.0 | 0.98 | 0.0 | 0.27 |
| Administrative and Waste Services | 0.48 | 0.16 | 0.16 | 1.02 | 0.51 | 0.47 |
| Educational Services | 0.24 | 0.84 | 0.0 | 0.38 | 0.05 | 0.30 |
| Health Care & Social Assistance | 1.19 | 1.01 | 0.0 | 1.23 | 0.89 | 0.86 |
| Arts, Entertainment & Recreation | 0.46 | 1.86 | 4.59 | 2.17 | 0.83 | 1.98 |
| Accommodations & Food Service | 0.93 | 1.76 | 1.57 | 1.55 | 0.45 | 1.25 |
| Other Services | 0.93 | 1.10 | 1.49 | 1.29 | 0.84 | 1.13 |

Source: U.S. Bureau of Labor Statistics, QCEW NAICS-Based Data Files, 2016.

Table 2 show the total number of industry establishments within each LC-LG County in 2006, 2011 and 2016. As it indicates, the total number of industry establishments within the region varies by County, as do the types of industries with the greater number of establishments. The overall trend is that the number of establishments within all of the counties has decreased from 2006 to 2016, which can be attributed to the Great Recession. However, the LCLGRP's RLF Program is a tool that can assist in rebuilding the number of businesses establishments within the region.

Table 2. Total number of industry establishments within each county in 2006, 2011 and 2016.

| Industry | Number of Establishments | | | | | | | | | | | | | | |
|---|--------------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|------------|------------|------------|
| | Clinton | | | Essex | | | Hamilton | | | Warren | | | Washington | | |
| | 2016 | 2011 | 2006 | 2016 | 2011 | 2006 | 2016 | 2011 | 2006 | 2016 | 2011 | 2006 | 2016 | 2011 | 2006 |
| Ag, Forestry, Fishing & Hunting | 9 | 13 | 9 | 15 | 13 | 17 | 3 | 6 | 8 | 8 | 10 | 20 | 6 | 5 | 6 |
| Mining, Quarrying, Oil/Gas Extraction | 4 | 4 | 3 | 2 | 2 | 3 | 1 | 1 | 2 | 4 | 4 | 3 | 6 | 6 | 5 |
| Construction | 152 | 165 | 180 | 134 | 132 | 138 | 30 | 35 | 29 | 207 | 205 | 248 | 142 | 161 | 166 |
| Manufacturing | 83 | 85 | 91 | 33 | 27 | 36 | 3 | 3 | 3 | 79 | 79 | 79 | 87 | 90 | 94 |
| Wholesale Trade | 88 | 106 | 107 | 14 | 14 | 10 | 2 | 0 | 3 | 65 | 69 | 73 | 28 | 33 | 36 |
| Retail Trade | 359 | 370 | 379 | 202 | 204 | 231 | 33 | 32 | 41 | 414 | 434 | 447 | 187 | 187 | 208 |
| Transportation & Warehousing | 112 | 120 | 100 | 18 | 17 | 19 | 3 | 4 | 5 | 37 | 40 | 34 | 30 | 22 | 27 |
| Information | 31 | 37 | 36 | 29 | 25 | 25 | 4 | 4 | 3 | 39 | 34 | 32 | 20 | 15 | 15 |
| Finance and Insurance | 85 | 86 | 87 | 43 | 49 | 47 | 4 | 4 | 4 | 94 | 96 | 96 | 38 | 40 | 45 |
| Real Estate and Rental/Leasing | 81 | 79 | 80 | 37 | 30 | 35 | 4 | 9 | 8 | 77 | 69 | 85 | 21 | 17 | 19 |
| Professional Science & Technical Services | 107 | 116 | 133 | 64 | 69 | 65 | 3 | 3 | 5 | 148 | 169 | 176 | 64 | 62 | 68 |
| Management of Companies & Enterprises | 3 | 3 | 2 | 4 | 4 | 2 | 0 | 1 | 2 | 14 | 12 | 14 | 3 | 3 | 2 |
| Admin, Waste Management and remediation | 70 | 67 | 68 | 51 | 43 | 36 | 8 | 6 | 2 | 102 | 96 | 94 | 50 | 43 | 36 |
| Health Care & Social Assistance | 232 | 238 | 238 | 149 | 146 | 127 | 6 | 5 | 7 | 279 | 275 | 240 | 98 | 104 | 99 |
| Arts, Entertainment & Recreation | 31 | 30 | 32 | 46 | 48 | 51 | 15 | 14 | 15 | 94 | 103 | 96 | 32 | 38 | 36 |
| Accommodations & Food Service | 195 | 196 | 174 | 214 | 203 | 212 | 60 | 54 | 53 | 429 | 422 | 381 | 115 | 119 | 107 |
| Total Number of Establishments | 1642 | 1715 | 1719 | 1055 | 1026 | 1054 | 179 | 181 | 190 | 2090 | 2117 | 2118 | 927 | 945 | 969 |

Source: U.S. Census Bureau, 2006, 2011 and 2016 County Business Patterns.

Business Development Strategy

Due to the decline in large manufacturing jobs over the past 30 years, much of the employment opportunity within the LC-LG Region is found within small, service-based businesses. The LCLGRPБ believes that small business owners are the backbone of the region's economy and is committed in assisting small business owners with retaining and creating new jobs through its Revolving Loan Fund Program.

Objectives

The overarching objective of the LCLGRPБ's Revolving Loan Fund Program is to assist in the creation and retention of private sector employment opportunities and aiding in small business development by providing necessary funding. Priorities are;

- To strengthen the commercial, industrial and service base industries in the area by stabilizing existing businesses and attracting new ones;
- To create new and retain existing jobs; and
- To stimulate new private investment within the region.

This will be accomplished through;

- Assisting existing businesses with maintaining and upgrading operations;
- Assisting the service-based industry with thriving in a region that relies heavily on tourism as its economic engine so that it may maintain its status as a destination area;
- Assisting businesses with the responsible extraction and use/re-use of natural resource found within the region;
- Assisting businesses thrive that provide services to local communities;
- Assisting businesses with providing local products in larger retail markets; and
- Ensuring that small businesses that service the towns and hamlets within the region are provided with the necessary support to thrive.

Targeted Industries

The LCLGRPБ Revolving Loan Fund Program targets five types of industries within the region;

1. Service-Based Industries

Service based industries includes Art, Entertainment & Recreation, Accommodations & Food Services, and Retail Trade. Much of the economy of the LC-LG Region is based around tourism and accounts for the highest employment LQ in the region. Examples of small businesses to invest in include restaurants, retail stores, hotels, campgrounds, marinas, and wedding venues. The need for the type of assistance provided by the LCLGRPБ's RLF is greatest in this area, as banks in the area are hesitant to invest in the hotel and restaurant industry.

2. Natural Resource-Based Industries

Natural resource-based industries include Mining, Quarrying & Oil and Gas Extraction and Agriculture, Forestry, Fishing & Hunting. The Adirondack Park has had a natural resource

extraction industry since it was first settled. Timber harvesting and stone, gravel and sand mining operations are still prevalent in the area, although on a much smaller scale than the old timber and stone quarry giants.

Agricultural operations are prevalent throughout the area. In addition to the traditional agricultural operations, many are turning to agri-tourism, which melds agricultural production with the tourism industry to promote a focus on local good sales. As the LC-LG Region has always been a beacon for local production of goods, this is an area that the LCLGRPБ deems important to invest within. Examples of local goods producing businesses for investment within natural resource-based industries include timber re-use, breweries and distilleries, honey, produce, décor, and furniture.

3. Transportation and Warehousing Industry

Transportation and warehousing is one of the largest industries within Clinton County as the county does a significant portion of business across the Canadian Border. Bringing goods and products back and forth across the border is an important part of the economy in the most northern County of the LC-LG Region. Potential lending areas in this industry include small trucking businesses and the spin-off businesses that service this industry, including garages, gas stations, and towing services.

4. Health Care Industry

Lending for the Health Care industry within the LC-LG Region is more focused on wellness businesses such as day spas, yoga studios and massage and physical therapy businesses. The larger Health Care employers in the area do not meet the small business characteristics for the LCLGRPБ RLF Programs. However, wellness is an area that the LCLGRPБ deems as important to invest in, as it promotes healthier lifestyles and all around quality of life within the region.

5. Other Industries

The “Other” Industry category is an all-encompassing category that includes business that provide services to the cities, towns, villages and hamlets within the LC-LG Region. These types of business include, but are not limited to, heating/ cooling repair, day care facilities, pet care facilities, photography, small contractors, small markets, delis, and salons. These are the types of small businesses that improve life and provide services to tourists and residents within small communities throughout the area. Investing in this industry also provides people the opportunity to grow their small downtowns and revitalize their communities.

Business Characteristics

The LCLGRPБ RLF Program targets small to medium businesses that are locally owned and operated. Special consideration is given to businesses that provide full-time, year-round employment. Creation and retention of jobs are of equal importance, as the region’s unemployment numbers are still below the state and national average. Projects that involve redevelopment of unused or vacant buildings are especially attractive, as well as projects that will assist in revitalizing community, downtown area or economic district. Also taken into consideration will be projects that will create the types of jobs that are appropriate for the existing labor pool.

Business Needs

The types of assistance needed by local businesses includes financing and access to business development skills. The LCLGRP's Revolving Loan Fund Program provides the financing needs to businesses in an area where there is a lack of large, private investment. Access to business development skills can be found in the NY Capital Region at SCORE (Albany, NY), North Country Small Business Development Center (Plattsburgh, NY) or at SUNY Adirondack's Small Business Development Center (Queensbury, NY).

Finance Strategy and Policies

Due to the region's rural nature and lack of competitiveness, traditional economic development methods have not been successful in meeting local business financing needs. A majority of the areas industrial, commercial and service businesses are relatively small. Modest in size, they do not have the risk capital for expansion and development projects. Commercial lenders remain reluctant in approving loans for new business ventures and the rural area does not enjoy the luxury of competition among lending institutes.

In an effort to maximize the economic benefits flowing from a project, financing strategies and loan lending criteria will evaluate projects based on the nature and potential of the business or industry, ratio of loan fund dollars to jobs generated, estimated tax revenues derived from a project, community need, environmental impact, local capacity and project readiness.

Anticipated impacts of the LCLGRP RLF include new business opportunities, improved employment capabilities, revitalization of business districts and communities as a whole, retention of a skilled labor pool, and improved quality of life in the LC-LG Region. These anticipated impacts also align with state economic development priorities set by the North County and Capital District Economic Development Councils.

Minimum and Maximum Loan Amounts

Loans from the LCLGRP RLF will range from a minimum of \$20,000 to a maximum of \$150,000.

Credit not Otherwise Available

As a requirement to receiving funding from the LCLGRP RLF, the borrower must provide the LCLGRP with a financing declination letter/form from a commercial lender or bank. This letter/form must indicated the reasoning for the declination of conventional financing. The reason for the declination must be in concert with the project that the borrower is asking funding for.

Interest Rates

Interest rates will be determined at the time the loan is given and will be fixed from the term of the loan. The minimum interest rate for loans from this RLF cannot be four percentage points below the lesser of the current money center prime interest rate quoted in the *Wall Street Journal* at the time the loan is given. The highest possible interest rate that can be charged is 16% (NYS maximum allowable interest rate).

Interest rates will fluctuate annually upon review of current interest prime rates quoted in the Wall Street Journal for loans of similar size and maturity. This information will be presented to the Loan Administrative Committee (LAC) towards the end of the calendar year, who will make a recommendation to the LCLGRP Board of Directors. A simple majority vote (8 people) of the Board of Directors will determine the interest rate for the upcoming year.

Interest Rate Exceptions

The interest rate exceptions will be set at the time the loan is made and will be fixed for the term of the loan. All exceptions will be consentient with 13 CFR 307.15².

Closing Fee

There is a closing fee of 2% to be paid to the LCLGRP.

Equity

The LCLGRP encourages all borrowers to provide at least 10% cash equity participation. However, exceptions may be made at the discretion of the LAC, including subordinately secured loans from the RLF when partnering with another lending agency.

Start-Ups, New Acquisitions and Established Businesses

The RLF can be utilized to fund start-ups, new acquisitions and established businesses. Criteria and terms for all types of loans are the same. Start-ups and new acquisitions may be able to obtain 3 – 6 months of deferred loan payments providing they supply a complete business plan and a year's worth of projections with back-up on how projections were established. Any deferred loan payments must be approved by the LAC.

Repayment Terms

The terms for loans will be as follows:

- Brick and Mortar and Real Estate: 10 – 15 years
- Machinery and Equipment: 5 - 10 years
- Working Capital: 5 – 10 years

Loan Modification

Loan modifications are allowable under the LCLGRP RLF, however, they must be approved by the LAC. Loan modifications can include moratoriums on principal payments for a maximum of six months, provided that the borrower has shown a definitive need for interest only payments. In order to receive a moratorium on principal payments, the borrower must provide the LCLGRP with a current copy of their financial statements. They must also provide information on any outstanding debt and accurate projected cash flow and financial projections for the following 12 months. LCLGRP staff will review the paperwork for completeness and provide it to the LAC for a vote. Should the moratorium be approved by the LAC, LCLGRP staff will inform the bank of the dollar amount and length of time of the interest-only payments.

Collateral Requirements

Collateral requirements, including general intangibles, will be based on the merit of each request and will vary for each loan. It is the preference of the LCLGRP to obtain a first mortgage on

property, however, additional examples of appropriate collateral include liens on inventory, receivables and/or fixed assets, as well as the acquisition of hazard and other forms of insurance. Other additional securities may be identified by the LAC to ensure that all RLF loans are well collateralized. In addition, a personal guarantee from the borrower is required to secure a loan.

Application Fee

There is a \$250 application fee that must be paid at the time of application submission.

Deviation from Loan Terms

Deviation from loan terms, including minimum loan amount, is allowable on a case by case basis only with a recommendation from the LAC to the LCLGRP Board of Directors Executive Committee, who must approve the deviation with a simple majority vote. Reasons for a deviation from the loan terms must still remain in concert within the overall goals of the RLF, and only be done to enhance the capability of the RLF at the LCLGRP.

Revolving Loan Fund Portfolio Standards and Targets

Portfolio standards for the LCLGRP RLF are designed to achieve the economic objectives outlined in the Regional CEDS and address the major financing issues within the region as whole. While individual loans are looked at to achieve standards, each will vary case by case based on potential economic impact, as long as the total cumulative economic impact of the loan portfolio as a whole achieves the set standards within the RLF Management Plan. The LCLGRP will strive to maintain a mix of 40% working capital and 60% fixed asset loan ratio.

The RLF portfolio aims at creating a mix of loans provided to small businesses within the five identified targeted industries in the LC-LG Region. No predetermination of the percent of each industry where loans are to be made has been determined, and it is anticipated that the concentration of loans within each target industry will vary based on the current economic climate and needs of the region.

Leveraging of Funds

Funds from the RLF may be used to leverage private investments, however, the project must still align with the priorities of the LCLGRP RLF, most importantly the investment in small, locally-owned businesses. There must be a minimum of ratio of \$2 in private financing for every \$1 of RLF funding provided within the overall loan portfolio. To be classified as leveraged, additional investment must be made within 12 months of approval of an RLF loan, as part of the same business development project, and may include:

- Capital invested by the borrower or others;
- Financing from private entities;
- The non-guaranteed portions and 90 percent of the guaranteed portions of any Federal loan; or
- Loans from other State and local lending programs.

In addition, private investments shall not include accrued equity in a borrower's assets.

Job/Cost Ratio

The LCLGRP B RLF has set a ratio of \$50,000 disbursed will create/retain 1 job. As the maximum allowance of a loan is \$150,000, a maximum goal of 3 jobs created/retained is set. The LCLGRP B does understand that this goal may not be obtainable in certain situations, and those that do not will be assessed on a case by case basis.

Estimated jobs created/retained can be found in Section II of the LCLGRP B RLF application. The borrower must provide the estimated number of jobs created/retained along with a justification for their estimate. Job creation claims will be reviewed as part of the underwriting process by LCLGRP B staff. At the end of each year, loan recipients are required to provide an annual job survey to show that the stated targets of job creation/retention have been met.

RLF Loan Selection Criteria

Projects will be evaluated based on community need, local capacity, project impact and project readiness which are consistent with the RLF Management Plan. All factors being equal, LCLGRP B will give preference to locally owned businesses within target industries with an emphasis on the expansion of existing facilities and retention/creation of existing jobs. RLF capital shall be used to make loans that are consistent with the RLF Management Plan.

Eligible Borrowers

Eligible borrowers under the LCLGRP B RLF Program include for-profit businesses only and can be sole proprietorships, partnerships, corporations or LLCs with proposed activities to be located with Clinton, Essex, Hamilton, Warren and Washington Counties (except for those counties eligible under RLF 1 for Black River – St. Lawrence funding, which includes Jefferson, Lewis, and St. Lawrence counties). Businesses may be new or established. Eligible borrowers must be project occupants – no third party loans will be given. Businesses eligible to receive RLF assistance include those firms in the manufacturing, industrial, agribusiness, commercial and service industries.

Allowable Borrowing

Eligible borrowers are allowed to borrow for;

1. Fixed asset loans for the acquisition or improvement of land, buildings, plant and equipment, including new construction or renovation of existing facilities, demolition and site preparation.
2. Working capital loans for the start-up of new businesses or conduct of current businesses.
3. The LCLGRP B will entertain other lending scenarios, provided that the exceptions have been approved by the RLF LAC and the LCLGRP B Board of Director's Executive Committee.

Eligible Loan Activities

The following types of activities are eligible for use of RLF funding;

- Purchase of vacant property or existing facilities;

- Improvement of land;
- Rehabilitation and renovation of existing property;
- Expansion of current business property;
- Lease-hold improvements and acquisitions;
- Purchase of machinery, equipment, and inventory;
- Working capital loans where employment is created/retained; and
- Start-up costs.

Restrictions on Use of Capital

The following activities are not eligible uses of RLF funding;

- Acquisition of an equity position in a private business;
- Subsidizing interest payments on an existing RLF loan;
- Providing a loan to a borrower for the purpose of meeting the requirements of equity contributions under another Federal agency’s loan program;
- Providing a loan that would result in the relocation of jobs outside of the LC-LG area;
- Enabling a borrower to acquire an interest in a business either through the purchase of stock or through the acquisition of assets, unless sufficient justification is provided in the loan documentation. Sufficient justification may include acquiring a business to save it from imminent closure or to acquire a business to facilitate a significant expansion or increase in investment with a significant increase in jobs. The potential economic benefits must be clearly consistent with the strategic objectives of the RLF;
- Providing funds to a borrower for the purpose of investing in interest-bearing accounts, certificates of deposit, or any investment unrelated to the RLF;
- Refinancing existing debt, unless: (a) Recipient sufficiently demonstrates in the loan documentation a “sound economic justification” for the refinancing (e.g., the refinancing will support additional capital investment intended to increase business activities). For this purpose, reducing the risk of loss to an existing lender(s) or lowering the cost of financing to a borrower shall not, without other indicia, constitute a sound economic justification; or (b) RLF funds will finance the purchase of the rights of a prior lien holder during a foreclosure action which is necessary to preclude a significant loss on an RLF loan. RLF funds may be used for this purpose only if there is a high probability of receiving compensation from the sale of assets sufficient to cover an RLF’s costs plus a reasonable portion of the outstanding RLF loan within a reasonable time frame approved by EDA following the date of refinancing;
- Serving as collateral to obtain credit or any other type of financing without EDA’s prior written approval (e.g., loan guarantees);
- Undertaking any activity that would violate EDA Property regulations found at 13 CFR part 314;

- Financing gambling activity, or any illegal activity, including the cultivation, distribution, or sale of marijuana that is illegal under Federal law; or
- Providing a loan that would create a conflict-of-interest.

PART II: REVOLVING LOAN FUND OPERATIONAL PROCEDURES

Uniform operating procedures are followed in the administration of the Revolving Loan Fund Program. Administrative procedures are designed to meet the following objectives:

- To provide for the consistent application of loan fund policy
 - To ensure uniformity in the application of evaluation and decision making
 - To maintain a clear record of the disposition of each loan request
 - To ensure that decisions are made in an efficient and prompt manner while adhering to generally accepted lending practices
 - To monitor and evaluate the use of loan fund proceeds and to provide assistance to borrowers as appropriate
-

Administrative Structure

Staff at the LCLGRP provide critical RLF functions that include meeting arrangements, assisting borrowers with filling out application, obtaining information necessary for a complete application (credit reports, etc), coordinating with member counties, performing program and policy development activities and working with other local public and private lending agencies. Staff are provided with assistance from local development agencies who will provide additional technical assistance to borrowers with completing applications. LCLGRP also retains the services of two law firms, one for closing of loans and one for collection of loans.

Once a loan is approved, LCLGRP staff will provide specific assistance with loan packaging and loan processing, and work with the designated RLF bank to set up the loan in the proper RLF fund account.

LCLGRP staff do not conduct environmental reviews, which should only be conducted by those that are licensed to do so. Potential loan recipients should contact their attorneys for further advisement in this area.

Marketing for the LCLGRP RLF is performed by staff from the LCLGRP, as well as through local Economic Development Departments and Industrial Agencies within the LC-LG Region. LCLGRP staff also have working relationships with local private lending agencies, who refer potential borrowers to the LCLGRP RLF.

Marketing is done through printed pamphlets explaining the various Revolving Loan Funds that the LCLGRP operates, what the purpose of the funds are, the thresholds for acceptable applications, the documentation required, and how to apply for a loan. Additional marketing tools include a monthly digital newsletter and word of mouth from past and present loan recipients and LCLGRP LAC members and Board of Directors.

Loan Administrative Committee

RLF applications received from prospective borrowers are forwarded to the Loan Administrative Committee (LAC) for review. The LAC consists of seven individuals; one from each of the five counties within the LC-LG Region, and two at-large members (preference for at-large membership will be given to individuals in the banking or financial lending profession and/or accounting profession). LAC members represent broad based interest groups and can include elected officials and other public servants, economic development professionals, banking or financial community representatives, representatives from the academic community with expertise in business and/or economics; or private sector businesspersons. All LAC members must be residents of LC-LG Region and familiar with LCLGRP's RLF Management Plan and Comprehensive Economic Development Strategy; regional sustainable economic development plans and objectives, investment priorities, and funding sources; and the LCLGRP and Loan Administrative Committee missions, bylaws and applicable state and federal laws. All actions of the LAC will be consistent with the 2018 approved LAC By-Laws, the guidelines set forth in the RLF Management Plan, and the general administrative policies of the LCLGRP.

Appointments to the LAC can only be made by a simple majority vote of the members of the LCLGRP Board of Directors. Members shall be appointed to terms of two (2) years and staggered. Term expirations are as following;

- Odd years – County representatives from Warren and Essex County, as well as the one at-large position.
- Even years - County representatives from Clinton, Hamilton and Washington Counties, as well as the other at-large position.

Members may serve more than one term. Vacancies shall be filled by appointments made in accordance with the LCLGRP by-laws.

The LAC reviews loan applications, determines eligibility criteria have been met, evaluates the economic feasibility and impact of the project, assess credit risks, make determinations on the feasibility of business plans, and determine if loan amounts are appropriate. A simple majority (four members) represents a quorum and is required for loan application approval. The LAC can approve, approve with conditions or reject loan applications under \$100,000. Any loan applications that are asking for \$100,001 - \$150,000 must be forwarded to the LCLGRP Board of Directors Executive Committee following approval of the LAC.

The LAC also monitors post loan approval activities through quarterly meetings, prepared quarterly financial reports, independent yearly audits and GPRA data collection forms.

All decisions concerning RLF applications are the sole responsibility of the LAC, even though certain administrative duties such as records maintenance can be delegated to the LCLGRP Executive Director. The LCLGRP Executive Director has no voting power and does not advocate for any project.

LCLGRP Board of Directors Executive Committee

The Executive Committee of the LCLGRP Board of Director's consists of the Chairman, Vice-Chair, Treasurer, Secretary, and one additional appointed person from the voting members of the

LCLGRP Board. In certain instances (as stated throughout this document), decisions made by the LAC will have to be approved by the Executive Committee before any action can be taken. The Executive Committee is voted on by the LCLGRP Board of Director's on a yearly basis.

A simple majority vote (3 members) in favor of the action is needed from the Executive Committee to proceed.

Conflict of Interest

The LCLGRP will adhere to EDA conflicts of interest rules set forth in 13CFR 302.17 including the following:

- An Interested Party of Recipient shall not receive, directly or indirectly, any personal or financial interest or benefit resulting from the disbursement of RLF loans. A financial interest or benefit may include employment, stock ownership, a creditor or debtor relationship, or prospective employment with the organization selected or to be selected for a sub-award.
- An "Interested Party" is any officer, employee, or member of the board of directors or other governing board of Recipient, including any other parties that advise, approve, recommend or otherwise participate in the business decisions of Recipient, such as agents, advisors, consultants, attorneys, accountants or shareholders. An Interested Party also includes such a person's "Immediate Family" (defined as a person's spouse, significant other or partner in a domestic relationship, parents, grandparents, siblings, children and grandchildren, but not distant relatives, such as cousins, unless the distant relative lives in the same household as the person) and other persons directly connected to that person by law or through a business arrangement.

In addition to the Conflict of Interest policies set by the EDA, all appropriate parties will adhere to the LCLGRP 2018 approved Ethics Policy. Should EDA and LCLGRP policies conflict, the more restrictive of the two shall prevail.

Environmental Review and Compliance

The Director of the LCLGRP will ensure compliance with applicable environmental laws and regulations, including but not limited to 13 CFR Parts 302 and 314, the National Environmental Policy Act of 1969 and other Federal environmental mandates.

At a minimum the RLF environmental review of loan applications for construction projects will include:

- Determine whether the project will result in a significant adverse environmental impact. No activity shall be financed which would result in a significant adverse environmental impact unless that impact is to be mitigated to the point of insignificance. When necessary to ensure compliance, any required mitigation shall be made part of the loan conditions.
- Determine whether the project involves new above-ground development within a floodplain based on a review of the proposed development against FEMA Flood Insurance Rate Maps. No activity shall be financed which would result in new aboveground development in a 100-year floodplain, per E.O. 11988.

- Determine whether the project will be located within or adjacent to any wetland area. No activity shall be financed which would result in alternation of any wetland or in any adverse impact on any wetland without consultation with the U.S. Department of the Interior Fish and Wildlife Service and, if applicable, a Section 404 Permit with the Army Corp of Engineers shall be obtained.
- LCLGRP staff shall notify the State Historic Preservation Officer (SHPO) of each approved loan that involves significant new construction and expansion and request and receive comments on the effect of the proposed activity on historic and archaeological resources prior to closing of the loan.
- All loan applicants are required to provide information regarding whether or not there are hazardous materials such as EPA listed hazardous substances (see 40 CFR 300), leaking underground storage tanks, asbestos, polychlorinated biphenyls (PCB), or other hazardous materials present on or adjacent to the affected property that have been improperly handled and have the potential of endangering public health. No activity shall be financed which involve unresolved site contamination issues.

Loan Processing Procedures

A loan applicant must, at minimum, provide the LCLGRP with:

1. Complete application form including personal background information;
2. Private Lender declination letter;
3. Three years' worth of tax returns. If three years of business tax returns are not available, then the applicant must provide personal tax returns;
4. Business and/or Personal Financial Statements;
5. Information on Outstanding debt;
6. Information on pending litigation (if applicable);
7. A Business Plan including three years' worth of projections and projected cash flow;
8. Collateral information;
9. Documentation on any real property, if applicable;
10. Project Cost and Financing;
11. Plans and/or blue prints of construction projects, if applicable; and
12. Budget for the use of funds;
 - a. If funds are being used to purchase equipment or materials, a quote or bid from a reputable vendor must be provided. The LCLGRP strongly suggest that borrowers obtain at least three quotes to ensure the best value is found.
 - b. If funds are being used to repair equipment, an assessed value of the equipment to be repaired must be provided along with a quote for the purchase of a new piece of equipment. If the cost to repair is higher than the cost to purchase new, a written justification for the repair must be provided.

- c. If funds are being used to purchase real estate, a letter from the listing agent outlining the current status of the property, annual taxes, assessment, and listing price must be provided.
- d. If funds are being used for any form of construction or renovation project, a quote or bid from a reputable contractor must be provided. The LCLGRP strongly suggest that borrowers obtain at least three quotes to ensure the best value contractor is hired.
- e. If funds are being used for working capital, a cash flow statement from the past three years must be provided.

Credit Reports

Credits reports are obtained by the LCLGRP staff for all names listed as borrowers on the loan. Credit reports are provided to the LAC as part of the evaluation for approving loans.

Appraisal Reports

Appraisal reports are required once a loan has been approved and must be completed before the closing. The appraisal report is at the cost of the borrower. Appraisal reports should be conducted only by those licensed to conduct such reports.

Standard Collateral Requirements

Collateral requirements will be based on the merit of the project and the economic benefit of each request. It is the preference of the LCLGRP to obtain a first mortgage on property, however, additional examples of appropriate collateral include liens on inventory, receivables and/or fixed assets, as well as the acquisition of hazard and other forms of insurance. Other additional securities may be identified by the LAC to ensure that all RLF loans are well collateralized. In addition, a personal guarantee from the borrower is required to secure a loan.

Standard Equity Requirements

The LCLGRP encourages all borrowers to provide at least 10% cash equity participation. However, exceptions may be made at the discretion of the LAC, including subordinately secured loans from the RLF when partnering with another lending agency.

Underwriting

Write-ups about the loan applications will include;

- Character – The reputation of the business/management, past credit history of the business and all principal owners and summary of references
- Capacity – Past payment history, past business results and borrowing history
- Capital – How well capitalized is the company?
- Conditions – A discussion of the industry and market conditions of the company
- Collateral – The primary analysis of any loan request will be on the projected cash flow of the business. Collateral will represent a secondary source of repayment

- Management – Does management have sufficient financial skills to operate the business and provide capital to avoid over extending the business
- Number of jobs created/retained.

Procedures for Approval

The average time for a loan to be received, processed, vetted, awarded and funds disbursed varies due to several factors, but the LCLGRP has established a target of 8 weeks. Generally, this first step is for a prospective borrower to meet with staff from the LCLGRP to determine if their projects meets all the threshold criteria for the RLF. If the project seems to fit well within the parameters of the RLF, the prospective borrower will be asked to submit all of the necessary paperwork. LCLGRP staff, with assistance from local economic agencies, check the paperwork for completeness. A completed application is then analyzed through the underwriting process. Once complete, the LAC will be provided with the application and supporting paperwork for review. Once sufficient time for review has been met, LCLGRP staff will call a meeting with the LAC and the prospective borrower to discuss the loan application, collateral, ask questions, and voice any concerns. Loan can be approved, approved with conditions, or rejected.

If the loan is for \$20,000 - \$100,000, a simple majority vote (4 people) of the LAC will approve the loan.

If the loan is for \$100,001 - \$150,000, the application information must go to the LCLGRP Board of Directors Executive Committee for approval. A simple majority vote (3 people) will approve the loan.

If a loan is approved with conditions, the borrower must meet all stated conditions before funds will be disbursed.

If a loan is approved, the approval will be documented in the meeting minutes and with a resolution passed by a simple majority vote of the LAC. Once approved, a commitment letter will be issued to the borrower. Once a signed commitment letter is received back by the LCLGRP, a closing date is scheduled.

Loan Closing and Disbursement Procedures

General Loan Closing Procedures

Loan funds are disbursed to borrowers as follows:

- RLF attorney is responsible for preparing all required legal documents for signature by borrower at closing including but not limited to note, mortgage, security agreement, UCC certificate, etc.
- A closing fee of 2% of the loan amount is due from borrower at the time of closing.

- Other costs, such as the RLF attorney fees, UCC filing fees, mortgage recording tax, appraisals or other fees deemed necessary are the responsibility of the borrower and are due at the closing.
- Closing costs are due at the time of closing and are the responsibility of the borrower.

Loan Closing Documentation Requirements

At a minimum, the required loan closing documents include;

- Loan Application;
- Loan Agreement;
- LAC meeting minutes and resolution approving the RLF loan;
- Promissory note;
- Security agreement(s) and/or collateral filings;
- Assessments and/or appraisals;
- Deed of trust or mortgage (as applicable);
- Agreement of prior lien holder (as applicable);
- Evidence demonstrating that credit is not otherwise available on terms in the form on a signed bank “turn-down” letter/form; and
- Conditions that permit the completion or successful operation of the activity to be financed.

Loan Agreement Provisions

As a condition of the loan, the borrower must meet the following provisions;

- Funds obtained from the RLF will be utilized in the manner in which they are intended and stated within the loan agreement. Failure to do so may result in legal action against the borrower.
- All borrowers must protect and hold harmless the Federal government from and against all liabilities that the federal government incur as a result of providing funding through the RLF to assist directly or indirectly in site preparation or construction, as well as direct or indirect renovation or repair of any facility or site.
- All borrowers must abide by all terms with regard to complying with the Federal statute and regulatory requirements.

The RLF loan documents will include loan call stipulations for instances of non-compliance.

Disbursement of Funds

Disbursement of funds by the LCLGRP will be consistent with the loan commitment.

If the borrower intends to utilize the RLF funding to purchase equipment necessary for the operation of the business, the borrower must first provide a purchase order from the equipment vendor as proof that the equipment has been secured. At that time, the LCLGRP will work with

the vendor to obtain serial numbers or any other form of individual identification for the pieces of equipment. Once the LCLGRP is satisfied that the appropriate equipment has been secured, the LCLGRP will pay the vendor directly for the equipment.

Loan Servicing Procedures

Collections

LCLGRP staff are responsible for ensuring payments are made to the RLF designated bank for each of the active loans. It is the preference of the LCLGRP that borrowers set up automatic withdrawals with the RLF bank. However, borrowers may mail payment checks to the LCLGRP offices. Should this occur, staff will deposit the check into the designated bank account. Additional staff responsibilities include posting of payments from weekly loan remittance reports provided by the bank and notifying the bank of any loan modification terms approved by the Executive Committee.

Monitoring

Monitoring includes ensuring loan recipients maintain evidence of ongoing compliance with loan requirements including annual insurance filings, collateral, and financial reporting. Proof of insurance, copies of tax returns and an annual job survey are required to be submitted to the LCLGRP office. This information must be received in a timely fashion after the end of the year. Staff at the LCLGRP also conduct yearly site visits.

Staff at the LCLGRP monitor the UCC filings monthly and refile with the NYS Department of State when necessary to maintain updated UCC's.

LCLGRP staff also notify borrowers in a timely fashion when their accounts become past due, counseling of delinquent accounts, and the initiation of any necessary legal actions.

Delinquent Account Follow-Up Procedures

On a monthly basis payment on all loans will be reviewed to ensure that payments have been made on a timely basis and the amount received is according to the loan agreement. If payments are not made on a timely basis or the amount due, the following process should be followed:

Loans which are ten (10) days past due:

- A late fee of 5% of any payment that is ten (10) days past due will be assessed. This is a standard term that is stated within the Promissory Note.

Loans which are fifteen (15) days past due:

- Loans first time past due: LCLGRP staff will place a call to the Loan Recipient, obtain information on the cause of the past due payment, and work with them to bring the loan current.
- Loans which are habitually past due: Staff will place a call to the Loan Recipient and discuss terms for payment. At this time, LCLGRP staff will discuss with the recipient the potential resources for not making regular payments and assist them in working through any cash flow issues affecting payments.

- Follow-up calls should be made to the Loan Recipient if they do not make their past due payments as promised.

Loans which are thirty (30) days past due:

- A thirty (30) day letter will be sent to the Loan Recipient.
- If payment is not remitted within 10 days of the date of the letter, a follow-up call is made to the loan recipient to discuss payment options. In some cases, it may be prudent to ask them to meet with LCLGRP staff to discuss their situation. If late payments are habitual, LCLGRP staff will review loan documents and work with recipients to assist through their payment issues.

Loans which are sixty (60) days past due:

- A sixty (60) Second Notice Past Due letter will be sent to the Loan Recipient.
- If payment is not remitted within 10 days from the date of the letter, LCLGRP staff will contact the recipient and set up a meeting to discuss options for keeping payments on track.
- In reviewing their current position, a loan modification may be in order, however any Loan Modification must be approved by the LAC.

Loans which are ninety (90) days past due:

- A ninety (90) day Final Notice letter will be sent to the Loan Recipient requiring the recipients to come and speak at an LAC meeting.
- If payment is not remitted within 10 days from the date of the letter, the loan will be turned over for collection. At any point, the recipient may bring the loan current. Loan modifications are an option and must be approved by the Loan Advisory Committee.

Once payment on a defaulted loan is collected, the priority of payment, in compliance with *13 CFR 307.12(c)*, is as following;

- **First**, towards any costs of collection;
- **Second**, towards outstanding penalties and fees;
- **Third**, towards any accrued interest to the extent due and payable; and
- **Fourth**, towards any outstanding principal balance.

Foreclosure

If collection efforts are unsuccessful on a defaulted loan or inadequate to recover loan proceeds, LCLGRP will commence foreclosure proceedings to acquire title and possession of affected collateral. All such proceedings will be in accordance with applicable New York State laws. LCLGRP staff will meet with legal counsel to evaluate the status of the collateral, value of collateral, positions on mortgages, potential of judgements, seizing assets, and the cost to LCLGRP associated with all potential actions. LCLGRP staff will review all options with the LAC to determine a path forward. LCLGRP will continue to service any defaulted loan until a settlement deemed favorable has been reached.

Administrative Procedures

Loan Files

Loan files will include; at a minimum;

- Loan Application;
- Loan Agreement;
- LAC meeting minutes approving the RLF loan;
- Promissory note;
- Security agreement(s) and/or collateral filings;
- Deed of trust or mortgage (as applicable); and
- Evidence demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.

Additional materials within the file can include business plans, payment histories, insurance certificates, private lender loan agreements (if applicable), financial statements, site visit reports, annual reports from borrower and a correspondence log.

The LCLGRP will maintain loan files for three (3) years after a loan has been paid off. All loan files are kept in a fire-proof container.

Write-Offs

Write-offs of loans are initiated by the LCLGRP staff during a LAC meeting. The history of the loan and its default beyond salvaging are discussed and the LAC makes a recommendation by a simple majority vote (4 people) to write off the loan. Once the recommendation is made, it is brought to an LCLGRP Regular Meeting of the Board of Directors for discussion and a vote. A simple majority vote from the Board of Directors (8 people) approves the write-off of a loan. Once the Board has voted, LCLGRP staff inform the bank that the loan is no longer active, and it is written off the books as a loss.

Interest Bearing Account

All RLF funds are deposited in separate interest-bearing accounts.

Revolving Loan Fund Income

RLF income is utilized in two ways; (1) it is placed in the RLF Capital base and used for the purpose of making loans; or (2) utilized by the LCLGRP to cover eligible administrative costs for the RLF's operation.

Administrative Costs include

- Cost of personnel hours to perform RLF tasks;
- Indirect expenses necessary for the operation of the RLF fund.

The anticipated maximum usage of income for administrative costs is 75%. These costs are tracked utilizing a specific program code as determined by the Treasurer for expenses on the LCLGRP's monthly abstracts, which are approved by the LCLGRP Board of Directors on a quarterly basis. These abstracts are utilized to complete the yearly audits for each of the LCLGRP programs.

LCLGRP will file an income and expenses statement with EDA should more than 50% of the RLF income be utilized for administrative costs in a six-month period.

Capital Utilization Standard

The capital utilization standard set for the RLF is 75% of capital loaned or committed.

Evidence of Fidelity Bond Coverage

The LCLGRP maintains Fidelity Bond Coverage under a Non-Profit Organization Directors and Officers Liability Policy underwritten by Travelers Insurance Company. Individuals authorized to handle funds under the Revolving Loan Fund Grant Award are covered by this policy.

Accounting Principles

The LCLGRP Revolving Loan Fund utilizes the modified cash basis method of accounting to maintain its financial records. Under this method, revenue is generally recognized when paid rather than when incurred. At the end of each calendar year, the financial records are converted to the accrual basis method of accounting and financial statements are prepared in accordance with generally accepted accounting principles (GAAP). These year-end financial statements include an allowance for loan losses. Management determines the amount of the allowance based upon a review of each outstanding loan. Consideration is given to recent payment histories, quality of collateral, historical default percentages and economic conditions.

The LCLGRP maintains accurate records on the use of RLF funds and follow generally accepted accounting principles including those prescribed in OMB Circulars A-87 and A-133. LCLGRP accounts are audited annually, including the RLF. The findings of the annual audit will be submitted to the LAC, LCLGRP Board of Directors, the Federal Audit Clearinghouse and to EDA.

Performance Assessment

The performance of the RLF is evaluated by LCLGRP staff in a variety of ways. The designated bank for the loan funds provides a weekly loan remittance report to the LCLGRP staff on a quarterly basis. Information utilized in the assessment includes number of active loans, monies lent, number of default loans, number of delinquent loans, and loan payment histories for each active loan. A spreadsheet with this information is also provided to the Loan Review Committee and discussed quarterly at RLF meetings. The overall health of the funds is discussed, along with information on specific loans, current enforcement and repossession actions, and payment activity.

The LCLGRP RLF Management Plan is reviewed on a yearly basis by staff at the LCLGRP. Any necessary updates are noted and brought to the attention of the LAC during the last meeting of the year. The document is then updating with the comments provided by the LAC and LCLGRP staff.

Every five years, the RLF Management Plan is brought to the LCLGRP Board of Director's for approval. LCLGRP staff discuss any changes that have been made to the Plan and approved by the LAC. Once the Board of Directors has approved the five-year update to the RLF, it will be submitted to EDA for approval.

There are three performance measures which are used to judge the success of the RLF Program. They are: routine performance appraisals conducted by EDA staff, an annual audit and most importantly, submission of the semi-annual report. The semi-annual report allows us to track loan activities, job creation and capital utilization. The information contained in the report also enables EDA to evaluate the performance of individual RLF's and of the RLF portion of the Economic Adjustment Program overall.