

## **I. APPLICATION AND SUPPORTING DOCUMENTATION**

The Loan Applicant is responsible for the submission of a complete loan package to include a completed Loan Application, along with all information and materials requested. Additional information may be requested by the Economic Development Corporation if deemed necessary to assist the Committee in its review of the loan request.

The application and supporting documentation should be submitted to the Economic Development Corporation (hereinafter referred to as the EDC). All information will be held in strictest confidence and shall not be available for access by the general public. This information, however, will be used by the EDC and its Staff in review of the loan request.

## **II. LOAN REVIEW RESPONSIBILITIES**

### **A. The Economic Development Corporation**

Voting Membership shall consist of:

1. Member of Greene County Legislature
2. Two Bank Loan Officials
3. Two Local Businessmen
4. Two Other Slots
5. Ex-Officio Member having no voting rights. The three Ex-Officio Members are the Director of the Greene County IDA, the Director of the Greene County Chamber of Commerce, and the President of Columbia-Greene Community College or his/her representative)

### **B. Duties of the Economic Development Corporation**

The EDC shall conduct a review of the applicant's request for loan funds with the assistance of the materials requested in the Loan Application. Based on this review, the EDC shall ascertain the feasibility of the project and credit-worthiness of the proposal and applicant. The EDC's duties shall include, but not be limited to, the following:

1. Conduct a credit analysis which shall include:
  - a. Review of the history of the business and its principals.
  - b. Review of the financial statements provided.
  - c. Review of other factors, which may affect the future conditions of the business.
2. Conduct an impact analysis to determine the extent to which the proposed loan request project meets the goals and objectives of the program. The impact analysis shall include:
  - a. A determination of the number and type of jobs to be retained by the project.
  - b. A determination of the type of services or business the project will provide the community.
  - c. A determination of the feasibility of the project.
3. Work with the loan applicant to restructure the loan request in the event the original proposal is rejected by the EDC.

C. Duties of Economic Development Corporation Executive Director

1. Define the program to prospective loan applicants.
2. Make an initial determination on the project before EDC action, as it relates to eligibility pursuant to Community Development Block Grant and U.S. Department of Housing and Urban Development (HUD), as well as New York State Office of Community Renewal (OCR) requirements and meeting the goals and objectives of the program as outlined in Section V., Loan Review Criteria, as appropriate.
3. Assist in preparing and developing a complete loan package.
4. Act in an advisory capacity with respect to the loan applicant.
5. Determine completeness of the required supporting documentation.
6. Act in the County's behalf as a liaison with the loan applicant and EDC.
7. Provide a loan agreement to the applicant when the loan is approved.
8. Subsequent to loan approval, work with the EDC's Attorney in preparing the legal documents and loan closing.
9. Make all disbursements for each and keep all financial records and books pertaining to the loan program.
10. Monitor all loans including repayments and job creation/retention.
11. Collect all pertinent reports from loan applicants during the stipulated time period.
12. Complete performance reports and semi-annual and annual reports as required by state and federal funding agencies.
13. Act as primary contact to state and federal funding agencies.
14. Provide documentation as required by program auditors.

### III. LOAN TERMS

A. Loan Amount

COVID-19 Emergency Fund Loans are available in an amount up to 100% of the financing needed for a disaster economic development project.

B. Interest Rate

The interest rate for loans shall be zero percent. Repayment terms may, at the option of the EDC Board, allow for the initial interest-only period not to exceed six (6) months and a deferral period of six (6) months.

C. Terms

The term of the loan shall be in accordance with the following:

<u>Amount of Loan</u>	<u>Term</u>
\$10,000	2 years

The EDC may increase the terms of the loan under unusual conditions, and the applicant may decrease the term of the loan.

D. Fees and Other Loan Costs

There is no application fee charged for the COVID-19 Emergency Loan Program.

There are no fees from the County for these loans.

### IV. TIME FRAME FOR LOANS

The estimated total time from the EDC's review of a completed application and the supporting documentation to the time of loan proceeds disbursement is expected to be four weeks. It should be noted that this is only an approximation. Although the EDC shall make every effort to adhere to this schedule, circumstances may warrant an extended period between receipt of materials and loan proceeds disbursements. The steps in the process and their associated times are as follows:

- A. EDC Board review shall commence at the EDC's regular monthly or other special meeting subsequent to the time the loan application is deemed complete. Loan applications are due at the Greene County Economic Development, Tourism and Planning/EDC office no later than June 30, 2020, and will be reviewed on a first-come, first-served basis.
- B. The loan applicant will be notified of the EDC's recommendation for loan approval, denial, or the need to restructure within five (5) working days after the EDC's review.
- C. The Director will provide the loan applicant, within five (5) working days after the EDC Board approves of the loan, with all information and responsibilities that the EDC will require of the borrower.
- E. Loan closings will be dependent upon the EDC Attorney's availability, work load, and amount of time required to prepare the closing documents.

- F. Loan monies will be disbursed on a pro-rata basis if more than one draw is required, subject to the following:
1. Subject to the borrower's compliance with the terms and conditions of the loan agreement, all documents evidencing and securing the loan, and other guidelines for disbursement described herein, loan proceeds may be disbursed upon the borrower's presentation of vouchers, invoices and other such evidence satisfactory to the EDC which represent paid or accrued expenses of the borrower and which are eligible costs as determined by the EDC.
  2. It is encouraged for the COVID-19 Emergency Loans that as much information be provided with the application as possible and that loans will be dispersed in a single draw.

## **V. LOAN REVIEW CRITERIA**

While conducting its review, the EDC Board will attempt to ascertain to what extent the projects proposed for funding meet the following criteria:

### **A. COVID-19 Emergency Program Goals and Objectives**

The primary goals and objectives (in terms of their priority) of the Program are:

1. Retain existing employment opportunities in Greene County;
2. Increase taxable value of property;
3. Provide essential services or businesses lacking in the neighborhood or community;

### **B. Credit Worthiness**

The applicant shall be current on real property taxes, all mortgage payments, federal and state tax obligations and all other debts sufficient in order to re-start the business. Non-compliance with any of the above may be considered an appropriate reason for loan refusal, particularly if the reason is COVID-19 related. The applicant will, however, have the opportunity to correct any of the above problems. Substantial non-compliance, however, will show a lack of credit worthiness and could be deemed a reason for loan refusal.

### **C. Project Feasibility**

The applicant must provide information concerning the feasibility of the project in regards to its ability to retain jobs and re-open businesses, as well as information regarding the amount and scope of the loss of business and revenue since the pandemic began. Questions with regard to the feasibility of the project will be considered an appropriate reason for loan refusal, so as the likelihood of the business to be able to re-open and be sustainable after the COVID-19 pandemic. The EDC Board and the Director may provide assistance to the applicant in developing a feasible project, if at all possible.

#### D. Job Opportunities

The EDC has established a ratio of one full-time equivalent job retained for every \$10,000 loan in the COVID-19 Emergency Loan Program. The National Objective of retaining employment taken by or made available to low-moderate income persons must be met in order to be eligible for the COVID

Borrowers are encouraged to provide, to the greatest extent possible, opportunities for employment to lower income residents of the County and contracts for work to be performed with loan proceeds by businesses or persons which are located in Greene County. For the purposes of calculating employment opportunities, the following will apply.

- (a) Only permanent jobs will be counted; temporary and construction jobs will not be counted.
- (b) Jobs of 35 or more hours per week will be considered as one full-time job. Part-time permanent jobs of less than 35 hours per week will be converted to full time equivalent jobs by dividing the number of part-time hours by 40.
- (c) Seasonal jobs will be considered to be permanent jobs if the employee will have the opportunity to retain the job from season to season and serve as the primary source of employment.

#### E. Eligibility Requirements

##### 1. Eligible Activities

- (a) The business activity which will be primarily impacted by the COVID-19 Emergency Loan financing must be located in Greene County.
- (b) The business activity to be undertaken with assistance from the COVID-19 Emergency Loan Fund must be an eligible activity and meet the statutory objectives pursuant to the regulations governing CDBG and the U.S. Department of Housing and Urban Development (HUD) and/or the New York State Office of Community Renewal (OCR).

##### 2. Eligible Borrowers

Borrowers may be individuals or any legal business form including sole proprietorships, corporations, partnerships, limited liability companies (LLCs), and limited liability partnerships (LLPs). All borrowers and owners of businesses that receive COVID-19 Emergency Fund loans must be current in the payment of all property tax obligations in Greene County, New York.

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3. Ineligible Borrowers

A COVID-19 Emergency Loan Fund loan may not be made to any borrower, which is owned in any part by a person deemed to have a conflict of interest pursuant to the CDBG requirements set forth by HUD and/or OCR. In addition, the EDC Board may deem as ineligible any applicant whose receipt of COVID-19 Emergency Loan funds creates the appearance of a conflict of interest as determined by the EDC Board.

4. Eligible Uses of COVID-19 Emergency Loan Fund Monies

Loan proceeds may be used for any justifiable business purpose including, but not limited to, the following:

- (a) Purchase of inventory,
- (b) Working capital,
- (c) Purchase of items necessary to re-open or adapt the business after the pandemic.

The Loan proceeds for the refinancing of existing debt is ineligible. The use of COVID-19 Emergency Loan Fund funds must also be eligible pursuant to the Federal regulations governing the CDBG.

F. Security

All loans will be secured with a personal guarantee by the borrower or principal of the corporation or LLC as outlined below.

- (a) For loans to corporations or partnerships, the EDC will require the personal guarantee of all owners of at least 20% of the voting stock or partnership interest of the company. The personal guarantee of other shareholders, officers, principals, or partners may also be required at the discretion of the EDC.

The EDC Attorney will be responsible for perfecting of all the EDC's security interests including the execution of personal guarantees, and any other appropriate actions to adequately protect the EDC's security interests.

G. Need

Consistent with the Federal Regulations governing the use of CDBG funds, all projects must demonstrate a need for below-market financing. The loans can serve as "gap" or "subsidy" financing.

"Gap" loans are defined as those, which provide funds, which are needed to complete a total

project, which would otherwise not be available from other sources.

"Subsidy" financing is defined in the following context: Although sufficient funds are available from other sources, the cost of these funds are at a level as to render the total project financially unfeasible. Therefore, the COVID-19 Emergency Loan is required for a lower project-funding rate.

## **VI. EDC BOARD APPROVAL**

The EDC Board must approve all projects before any element of the project is started.

The U.S. Department of Housing and Urban Development, the New York State Office of Community Renewal, Greene County and the Greene County EDC will not discriminate against prospective or identified loan applicants because of race, color, religion, sex, national origin or age.

## **VII. INTERNAL ADMINISTRATIVE PROCEDURES FOR PROCESSING ECONOMIC DEVELOPMENT LOANS**

1. Applications are filed at the Greene County EDC, located in the Greene County Department of Economic Development, Tourism and Planning.
2. After EDC review and determination of completeness and eligibility, the application is submitted to the EDC Board.
3. After EDC Board approval, the staff of the EDC has a notification letter and/or Agreement sent to the applicant.
4. The EDC sends an Agreement to the applicant with the terms and conditions spelled out. The applicant signs two copies and returns them to the EDC office. The required jobs information must be on file with the EDC before any loan money may be drawn.
5. The EDC sends to its Attorney's Office a memorandum explaining which approved agreement should be used and spells out particulars for the particular loan. A copy of the Loan Commitment and/or Agreement is also sent to its Attorney's Office.
6. After closing the loan, the County Attorney's Office files documents at the Courthouse and sends the loan note to the EDC.
7. The EDC then will cut the appropriate check(s) to the borrower.
8. Once the entire loan amount is disbursed, the financial institution prepares an amortization schedule and auto-pay schedule for each loan. The EDC sends a copy of the schedule to the borrower. As loan payments are made, the financial institution makes a copy of the deposit slip, with the name of the borrower on it, and sends it to the EDC, so it can make sure full

payments are received. There is a six-month deferment of the payments for the COVID-19 loans, which will be reflected in the amortization schedule.

## **IX. POLICY FOR DELINQUENT ACCOUNTS**

In accordance with the Loan Commitment, a grace period of 15 days will be allowed on all loans. There is an additional six-month If payment is not received by the 16th day of each month, there will be a late fee of \$50 added to the payment for the month. If after 30 days payment is not received, the loan will be considered in default and interest may revert to prime plus 4% until the late payments and late fees have been brought up to date. The procedure follows:

### **A. First Notice**

On the 16<sup>th</sup> day of each month, the financial institution determines which borrowers are late with their payments. On the next business day, the financial institution sends a notice to each delinquent borrower (and cosigners, if applicable), noting that the account is in arrears and charging a \$50.00 late fee.

### **B. Second Notice**

On the last day of the same month, the financial institution determines if the borrower has made required payments. On the first business day of the next month, the financial institution sends a notice to each borrower that is still delinquent (and cosigners, if applicable), noting that the account(s) is (are) still in arrears and requesting payment with the \$50.00 late fee. In addition the EDC will call each borrower requesting payment.

### **C. Third Notice (Collection Notice)**

Between five and ten days after the second letter is sent, the EDC determines if the borrower has made required payments. If no payment has been made, the EDC sends by certified and regular mail a third notice to each borrower that is still delinquent (and cosigners, if applicable), requesting payment in order to avoid referral for collection. If payment is not received, the EDC will begin collection efforts. The EDC will continue collection efforts until it determines that no payment is forthcoming.

### **D. Final Notice (Referral to County Attorney)**

On the last day of the second month, the EDC determines if the borrower has made required payments. On the first business day of the next month, the EDC sends a notice to each borrower that is still delinquent, notifying the borrower(s) (and cosigners, if applicable) that if payment is not received within 7 days the account will be referred to the EDC Attorney for legal action regarding accounts that remain delinquent and uncollectable.

### **E. Letters from EDC Attorney (90 days late)**

By the 8<sup>th</sup> day of the 3<sup>rd</sup> month, if the account is still arrears, the Director will request the Attorney's Office to send a notice to the delinquent borrower (and cosigners, if applicable), spelling out the consequences of a delinquent account. If then in 30 days, or such period determined appropriate by the Director in consultation with the EDC Attorney, it is determined that no payment is

forthcoming, and no satisfactory agreement can be made, a second letter by the EDC Attorney will be sent to the borrower notifying the borrower of the consequences of the delinquent account and the EDC's intent to pursue foreclosure or other appropriate action.

F. Referral to EDC Board

If, following action by the EDC Attorney, the EDC Attorney determines that payment is not forthcoming, and no satisfactory agreement can be made, the Director will refer the matter to the EDC Board for a recommendation to pursue foreclosure or other appropriate action.

If the EDC Board determines that payment is not forthcoming, and no satisfactory agreement can be made, then the EDC Board, in consultation with the Attorney and the Director, will prepare a resolution providing a recommendation for foreclosure or other appropriate action.

**X. PROCEDURE FOR MONITORING JOB CREATION/RETENTION**

- a. The Loan Application and Agreement will state the applicable Community Development Block Grant compliance obligations of the Borrower. The Director will be responsible for reviewing submissions of employment information sent with the application, compiling information and statistics as appropriate, and monitoring on-site as appropriate to verify information provided by the Borrower.
- B. The Director shall be responsible for periodically monitoring, as appropriate, the borrower's compliance with other conditions and covenants of the Loan Agreement including, but not limited to, Federal requirements, periodic submission of financial information, and the loan repayment. The Director shall document all such monitoring in an appropriate manner.

**XI. ADJUSTMENT OF TERMS AND CONDITIONS**

Requests by the Borrower for adjustment of any of the terms and conditions of the loan will be reviewed and processed in accordance with the following:

- A. Requests to adjust the interest rate, term of the loan, or security for the loan will be presented to the EDC Board for review and action.
- B. Requests to accrue interest, defer principal payments, or otherwise temporarily modify the repayment schedule may be approved by the EDC Board for a period not to exceed 180 days.
- C. Requests for changes respecting any covenants or conditions of a financial nature must be approved by the EDC Board as to content and the EDC Attorney as to form.
- D. Requests for any other changes to the covenants or conditions of the loan including, but

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not limited to such elements as reporting requirements, cost documentation, and maintenance of records may be approved by the Director or referred to the EDC at the discretion of the Director.

Nothing in this section shall preclude the Director, upon consultation with the EDC Attorney, from approving adjustment of the terms and conditions of the loan for purposes of bringing delinquent accounts current.

## **XII. EXCEPTIONS**

In operating the COVID-19 Emergency Loan Fund, the EDC Board may deviate from the Loan Terms, Job Opportunities and Eligible Use of Loan Proceeds sections of this plan where such deviation is determined by the EDC Board to result in an extraordinary public benefit to Greene County. The nature of the deviation and the nature and extent of public benefit to result must be stated in an approved EDC Board resolution.

Any deviation from the policies and procedures other than stated as above shall be approved by a resolution of the EDC Board which states the nature of the deviation and the reason(s) for its approval.