

STEUBEN COUNTY

Emergency Relief Loan Program

Scope of Work

This document is intended to define the funding participants, loan administration and loan program details.

1. Program Need

Steuben County IDA, Steuben County and Corning Enterprises (collectively the “Funding Participants”) have provided \$500,000 in funding to Regional Economic Development & Energy Corporation (“REDEC”) to administer an Emergency Relief Loan Program (“ERLP”) for small businesses in Steuben County that have been impacted by the Coronavirus pandemic. Loans of up to \$20,000 will be offered for short-term, working capital needs through October 31, 2020. Small businesses are experiencing immediate and extreme negative consequences due to the reduction in public access, foot traffic, and limits on public gatherings and on-site work. The ERLP will be available to small businesses to cover operational expenses, help prevent staff reductions and offset losses due to the COVID-19 crisis.

2. ERLP Administration

REDEC will be responsible for administering the Emergency Relief Loan Program. Over the past 30 years, REDEC has assisted area businesses finance development projects which directly impact economic development. REDEC has independently and successfully administered revolving loan programs since 1990 utilizing funding from the Appalachian Regional Commission, Small Business Administration, the New York State Empire State Development Corporation, Economic Development Administration, and the United States Department of Agriculture.

There will be no application cost to the applicant.

3. Eligibility Requirements

Eligible applicants are commercial, for-profit entities that own or manage a business located in Steuben County and meet the following requirements:

- The business must employ at least one person but cannot employ more than 50 people.
- The applicant must be able to provide evidence of a loss in sale, income and/or cash flow within the last 90 days, which may include a comparable income statement.
- Applicant must prove it has already applied for an SBA disaster loan or that it does not qualify for one.

- Business must be able to reopen and commit to reopen within 30 days after any essential business mandates impacting the business have been lifted by the federal, state, or local government.
- Owners required to personally guarantee the loan must have a minimum credit score of 620.
- Applicant must have a debt service coverage ratio of at least 1:1.

Ineligible activities include:

- Loans which would create a potential conflict of interest or the appearance of one;
- The transfer of ownership, unless the loan will keep the business from closing, or prevent the loss of employment opportunities in the area, or provide expanded job opportunities;
- Any legitimate business activity when more than ten percent of the annual gross revenue is arrived from legalized gambling activity;
- Any illegal activity; and
- Any otherwise eligible activity that is in violation of either a Federal, State or local environmental protection law or regulation or any enforceable land use restriction unless the financial assistance will result in curing or removing the violation.

4. Loan Parameters

Use of Funds

- Funding should be used to support operations and employee benefits.

Fee Structure

- There is no cost to apply.
- If an application is approved, there will be a one-time, flat fee to pay for legal expenses.

Minimum/Maximum Loan Amounts, limit of \$20,000 per guarantor

- \$5,000 minimum
- \$20,000 maximum

Loan Term and Repayment

- Loans will be structured as a 30-month term loan with no payment due for the first six months of the loan. Interest will not accrue until the start of the seventh (7th) month.
- There is no penalty for pre-payment.

Interest Rate

- The interest rate will be fixed at 1.0% for the life of the loan.

Collateral

- REDEC will file a lien on all business assets of the company.

- All individuals owning 20% or more of the business entity will be required to execute a personal guarantee.

5. Loan Application Process

REDEC will utilize an ERLP intake form to screen potential applicants and ensure their project meets the basic eligibility criteria. Once determined, the applicant will be required to complete a full application. The following is a list of required attachments, with the understanding that the items may not always be applicable or necessary, and in some instances, additional information may be required.

- Personal history statement from any person with 20% or more ownership
- Personal financial statement from any person with 20% or more ownership
- Most recent two consecutive years of filed personal federal income tax returns from any person with 20% or more ownership
- Most recent interim Balance Sheet
- Most recent interim Income Statement
- Most recent two consecutive years of filed corporate federal tax returns or personal federal tax returns if sole proprietor
- Description of use of funds
- Narrative demonstrating the need

reject or table for additional information is made and seconded. A majority vote is required for action, which will be recorded in the meeting minutes.

If the loan is approved, REDEC will contact the applicant of such and begin drafting loan documents. If the loan is denied, REDEC will notify the applicant of the decision in writing. If the loan is tabled, REDEC will request additional information from the applicant.

6. Loan Closing and Documentation

REDEC will work with its attorney to properly document and close the loan transaction. This includes the collection of insurances or other documentation required as a stipulation of the loan.

After the loan has closed, REDEC will document the loan information in a spreadsheet accessible to any Funding Participant at any time.

7. Loan Servicing

REDEC will oversee loan servicing, which includes collection of payments. REDEC will work closely with Funding Participants to review loans that are past due and develop a course of action.