

WATERTOWN INDUSTRIAL CENTER LOCAL DEVELOPMENT CORPORATION

LENDING/COLLECTION POLICY AND PROCEDURES

Adopted July 28, 2009

Reviewed and Amended: June 19, 2012

Reviewed and Amended: July 23, 2013

Reviewed and Accepted: June 17, 2014

Reviewed and Accepted: June 23, 2015

Reviewed and Accepted: June 21, 2016

1. GENERAL STATEMENT

The Watertown Industrial Center Local Development Corporation (WICLDC) functions, among other activities, as a lending institution, making loans for economic development and leasehold improvement purposes to all qualified applicants as tenants of the Watertown Center for Business and Industry. Loan procedures will be reviewed periodically to insure that all rules and regulations are being complied with.

The WICLDC will review applications for need of Leasehold Improvement funds for appropriateness of project, contribution to economic development, and ability to attain the stated goals.

The Board of Directors (BOD) has the ability to approve exceptions to the lending policy in order to enhance the Corporation's ability to stimulate economic development and help spur job creation/retention.

2. LENDING AREA

The loans will be made to businesses and industries located in the Watertown Center for Business and Industry and must have a significant positive economic impact in Jefferson County.

3. TYPES OF LOANS

The WICLDC may lend funds to qualifying businesses and/or non-profit entities for the following purposes:

Leasehold Improvements within the Watertown Center for Business and Industry

There must be a positive economic benefit to Jefferson County as defined by:

- a. job creation
- b. job retention
- c. community redevelopment
- d. facility enhancement
- e. generate positive net cash flow as defined – businesses that generate a substantial portion of their revenue from sales outside the County

4. DESCRIPTION OF LOAN PROGRAMS

Currently, the WICLDC oversees one loan program as defined in Exhibit A.

5. EQUITY CONTRIBUTION OF BORROWER

Equity contribution will be determined by the board of directors on a case by case basis.

6. INTEREST RATES AND REPAYMENT TERMS

Interest rates on the WICLDC loans have been determined by the Board of Directors to be 3%, and the loan shall be co-terminus with the tenant's current lease. Loan payments must be included with the monthly rent payment.

7. CLOSING FEES

The Borrower shall pay all costs connected with the issuance of the loan.

Specific fees are outlined in Exhibit A for the loan program.

8. DOCUMENTS

The WICLDC will require the completed application, as well as all legal documents necessary to perfect its security interest as required by its attorneys and to fully comply with all Federal and New York State regulations.

9. RESPONSIBILITY OF LOAN REVIEW COMMITTEE

The Chairman will appoint up to three representatives of the Board to serve on this Committee for the purpose of initially determining the eligibility of a prospective loan and analysis of the application for presentation to the Board. Upon completion of this analysis the committee will provide a recommendation to the Board at the next scheduled meeting. The analysis will include, but not be limited to review of credit history and financial statements of all parties to the Demised Premises Lease and Lease Hold Improvement Loan.

10. RESPONSIBILITY OF BOARD OF DIRECTORS

The Board will maintain an active Loan Review Committee. The Board will act on the recommendations of the Committee at their regular scheduled meetings. The Closing Agent will prepare a letter advising the Borrower of the Board's decision. If approved, the letter, among other things, will set forth the general and specific terms and conditions under which the WICLDC is willing to grant the loan; such as the interest rate, repayment period, expected collateral, etc. The letter will also advise the proposed Borrower that he/she will be obligated to pay all costs incurred by the WICLDC in connection with his/her application, even if the loan does not close as expected. The letter must include an expiration date allowing a reasonable time for the proposed Borrower to meet the terms and conditions of the loan. The Organization will present to the Board a written report of all delinquent accounts for the Board's review.

The Board will review the allowance for bad debt account on an annual basis.

11. COLLECTION PROCEDURE

A. 15 days delinquent

When a loan payment is 15 days delinquent, a late payment notice is sent by Director of Site Facilities or Office Assistant to the Borrower requesting the loan be brought current.

B. 30 days delinquent

When a loan is 30 days delinquent, a telephone call is made to the Borrower from the Director of Site Facilities in order to define the reason for the delinquency. The regular monthly billing is sent to the Borrower, which will include two months payment due plus a late fee, as stated in the Note. A second delinquent letter will be sent requesting the loan be brought current.

C. 60 days delinquent

A third delinquent letter will be sent requesting the payment be brought current and is subject to be placed in default. At this time the staff and Board will determine the best collection course to pursue.

12. REPORTS TO BE KEPT

The original loan documents should be kept in the Office of the WICLDC. In addition to these, the following reports are to be kept and updated as needed:

1. Current financial reports – updated no less than annually
2. Evidence of insurance (includes hazard insurance and flood insurance, if required by the loan documents) – updated annually
3. Annual Employment Report
4. Periodic site visits

It is the responsibility of the WICLDC staff to attempt to receive and update the above documents.

EXHIBIT A

Watertown Industrial Center Local Development Corporation (WICLDC) Leasehold Improvement Loan Fund

- Purpose:** The loan fund targets small businesses within the Watertown Center for Business and Industry to create and retain job opportunities, for low to moderate-income residents, in all sectors of the local economy. The program provides equal access to public loan funds and stimulates small business development activity, through start-up and expansion projects.
- Area of Availability:** Businesses located in the Watertown Center for Business and Industry.
- Eligible Activities:** Business owners must be income eligible or plan to create jobs that will be held by income eligible individuals.
- Employment Eligibility:** Preference to individuals with low to moderate income by family size.
- Funding Uses:** Working capital, furniture, fixtures, and renovations.
- Funding Limitations:** Loans will generally not exceed \$50,000.00; however, limits are at the discretion of the board on a case by case basis.
- Equity Contribution:** Equity contribution will be determined by the board of directors on a case by case basis.
- Interest Rate:** Three (3) percent as determined by the Board of Directors.
- Repayment Terms:** The term of the loan shall be co-terminus with the lease.
- Administered by:** Watertown Industrial Center Local Development Corporation
800 Starbuck Avenue, Suite 804
Watertown, New York 13601
- Application Deadline:** Must be submitted by the 1st day of the month and will be reviewed by the board on the third Tuesday of the month.
- Fees:** A Non-Refundable Application Fee of \$100 is payable to the WICLDC at the time the application is submitted. The fee will be credited towards the first payment when the loan is approved.
- Point of Contact:** Billy Soluri, WICLDC, 315-782-9277