

CITY OF WINCHESTER ECONOMIC DEVELOPMENT AUTHORITY
REAL ESTATE DEVELOPMENT REVOLVING LOAN FUND PROGRAM
POLICIES AND PROCEDURES MANUAL

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Attachment A: City of Winchester EDA's Revolving Loan Fund Application

SECTION 1: GENERAL PROVISIONS

1.1 PURPOSE

The purpose of the real estate development revolving loan fund is to provide market-rate gap financing for small-to-medium sized non-residential or mixed-used real estate development where vacant or under-utilized property will be put to productive use and where the applicant is unable to finance fully the proposed project with equity, bank financing and other private and public financing. The policies and procedures contained within this manual are to present the criteria which govern the economic development activities assisted with funds made available through the City of Winchester Economic Development Authority (EDA) Revolving Loan Fund (RLF) program.

1.2 OBJECTIVES

Economic development activities funded through the RLF program are intended to meet the following objectives:

- 1) To encourage the creation and retention of permanent jobs which provide a wage appropriate to the skills and experience of the local labor force.
- 2) To encourage the leveraging of new private investment in the City in the form of fixed asset and working capital investments.
- 3) To perpetuate a positive and proactive business climate that encourages the retention and expansion of existing businesses and helps to attract desirable new businesses.
- 4) To lend monies at interest rates and loan maturities that encourages business development and facilitates reinvestment in the City, while providing for the recapitalization and growth of the RLF.

1.3 AMENDMENTS

The EDA Board of Directors may from time to time amend the policies and procedures contained within this RLF manual.

SECTION 2: ELIGIBILITY CONSIDERATIONS

2.1 ELIGIBLE AREA

The area served by the RLF program shall be within the corporate limits of City of Winchester, Virginia.

2.2 ELIGIBLE APPLICANTS

- 1) Eligible businesses are defined to include real estate development companies, commercial and industrial businesses, advanced technology companies, and manufacturing firms.
- 2) Applications may be submitted by the authorized representatives of any business wishing to establish a new operation or expand an existing operation in the City.
- 3) No member of the Winchester City Council; the EDA; or any other official, employee, or agent of the City who exercises decision-making functions or responsibilities in connection with the implementation of the RLF program is eligible for financial assistance under this program.
- 4) Applicants shall not be disqualified based on age, race, religion, color, handicap, sex, physical condition, development disability, sexual orientation or national origin.
- 5) The applicant must not be delinquent or in default on federal, state or local taxes or any existing private or publicly financed loan and will be required to sign an affidavit to that effect.
- 6) The proprietor, partner, director or any shareholder of the business must not have been convicted of a felony.

2.3 INELIGIBLE APPLICANTS

RLF loans shall not be available for Banks, savings and loan associations, non-independently owned gas stations, used car lots, bars, adult entertainment establishments, beer distributors, non-profit organizations, check cashing outlets and furniture and appliance rental shops.

2.4 ELIGIBLE ACTIVITIES

RLF loans shall be provided to eligible applicants for the following activities:

- 1) Land costs, including acquisition and site preparation;
- 2) Building costs, including acquisition, construction and rehabilitation;
- 3) Soft costs associated with property development, including legal, architectural, engineering, surveys and other related costs;
- 4) Bridge financing where other source(s) of capital are expected to flow into the project at a later date (an example of this is the future receipt of tax credit funds); and
- 5) Other activities that the EDA may identify as appropriate for the RLF program

2.5 INELIGIBLE ACTIVITIES

RLF loans shall not be available for the following activities:

- 1) Refinancing or consolidating existing debt;
- 2) Leveraged buy-outs;
- 3) Distribution or payment to owners, partners, shareholders or beneficiaries of the applicant; and
- 4) Other activities that the EDA may identify as inappropriate for the RLF program.

2.6 MINIMUM REQUIREMENTS

To be eligible for funding, a proposed project shall meet all of the following minimum requirements:

- 1) Compliance with all City Zoning regulations;
- 2) Compliance with all Federal, State and local regulations concerning historic properties and environmental matters; and
- 3) EDA reserves the right to require loan applicants to find and use technical assistance in such areas as business planning, marketing, accounting, cash management, and inventory control. When determined appropriate, the EDA will contract with a third-party provider for this technical assistance.
- 4) The applicant shall demonstrate that the proposed project is viable and that the business has the economic ability to repay the funds.
- 5) All projects shall be completed, all funds expended, and all jobs created and/or retained within 24 months from the date of the RLF loan approval.

SECTION 3: TERMS AND CONDITIONS

3.1 TERMS AND CONDITIONS

Loan terms and conditions shall be structured on the basis of need and ability to repay. Minimum standards include the following:

- 1) Loan Amount. The amount of funds available for any single business enterprise shall range from a minimum of \$25,000 to a maximum of \$200,000 or 40% of the total project cost, whichever is less. Requests for loan amounts in excess of \$200,000 will be negotiated on a case-by-case basis.2)
- 2) Private Sector Investments. Loans shall be made in conjunction with a private lending

source.

- 3) Interest Rate. The interest rate shall not exceed the rate of the private lender. Such interest rate shall be fixed for the term of the loan and shall be set 100 basis points above the interest rate of U.S. Treasury security sharing the same duration as the loan term.
- 4) Loan Term and Repayment. The specific term, amortization and repayment schedule period for an individual borrower shall be based on the useful life of the asset, as well as the terms offered by the private sector financial institution participating in the project. As a general policy, the EDA wishes to keep the loan term at 5 years or less so that the RLF can be replenished. The EDA retains the right to adjust individual loan terms in order to facilitate a successful RLF project.
- 5) Prepayment. There are no penalties for prepaying the loan in whole or in part at any time during the loan term.
- 6) Collateral. Collateral requirements shall be determined on an individual basis by the EDA and may include: deeds of trust on land and buildings; liens on fixed and major movable equipment; liens on accounts receivable and inventory; liens on the corporate assets of affiliated businesses, when appropriate; and key-person life insurance coverage naming the City as a beneficiary, when appropriate. This collateral may be subordinated to private sector financial institutions participating in the RLF project, if required.

Unlimited personal guarantees from the principals of the business who have 20 percent ownership or more shall be required. Limited personal guarantees for the owners of the business who have less than 20 percent ownership may be required, where appropriate. In addition, junior deeds of trust on personal property may be required on projects with limited collateral.

- 7) Insurance Requirements. Businesses receiving loans for fixed assets shall be required to obtain property-casualty insurance for property being financed, businesses receiving construction loans shall be required to have builder's risk insurance for the amount of the debt financing attendant to the project, and businesses purchasing real estate shall be required to have title insurance for the amount of RLF real estate financing attendant to the project. Flood insurance shall also be required for RLF loans secured by real property located in a flood zone. The EDA shall be listed as an additional insured on all property-casualty, builder's risk and flood insurance policies.
- 8) Equity Requirements. The RLF program will require a cash equity injection of 10% of total project costs for each RLF loan. Consideration will be given for individuals that have made substantial equity commitments to the applicant business, as well as to individuals who do not have sufficient financial resources to contribute to the RLF project.
- 9) Loan Fees: The following fees shall be assessed to all loan recipients:

- a. Loan Application Fee: The EDA shall require a loan application fee of 1% percent of the RLF loan amount, with a \$500 minimum and a 1% maximum.
- b. In addition, the EDA shall require the applicant to pay all of the costs incurred by the EDA for the RLF loan closing, including but not limited to appraisal, legal, environmental, title insurance, recording costs and filing fees. The fees may be included in the loan application as an eligible use of RLF loan proceeds.

3.2 WAIVER OF PROVISIONS

The EDA Board of Directors of the may waive certain provisions of these guidelines based on a determination of the private and public benefits of the project.

SECTION 4: ADMINISTRATION

4.1 LOAN APPLICATION REVIEW

- 1) The EDA Board of Directors has designated the EDA Loan Review Committee (LRC) as responsible for the review of RLF requests.
- 2) The LRC shall be a subset of the EDA Board of Directors composed on not less than 3 members and no more than 5 members, including the EDA Executive Director. The Chairperson of the EDA Board of Directors shall serve as a de facto member of the LRC. The EDA Board of Directors shall choose members of the LRC on an annual basis.
- 3) At the first scheduled LRC meeting following the section of its members, the LRC shall elect a Chairperson, Vice Chairperson and Secretary.
- 4) After review of loan applications, the LRC may recommend approval by the EDA Board of Directors, which has the sole and absolute power to approve or reject RLF applications.

4.2 PROGRAM MANAGEMENT

- 1) The EDA Board of Directors shall have the authority to make policy recommendations for the administration of the RLF program. Periodic activity reports will be provided to the EDA Board of Directors.
- 2) The EDA Executive Director, or designee, (hereinafter "EDA staff") shall be responsible for marketing the RLF program to local businesses, explaining the RLF program and providing written information to prospective applicants, and collecting monthly payments from loan recipients. The EDA staff shall be responsible for the day-to-day administration of the RLF program, including assisting applicants in completing applications, processing requests for financing, and, where necessary and appropriate, counseling and guiding loan applicants to other more appropriate technical and financial resources when the loan applicant has needs that cannot be met through the

RLF program.

- 3) EDA staff shall periodically review financial statements and loan amortization schedules for RLF loan recipients, review and approve documentation of business expenditures financed with RLF proceeds, maintain RLF accounting records that are segregated from other EDA accounts, and report as required to the EDA Board of Directors regarding the use of the RLF funds. EDA staff is responsible for the maintenance of all records for the local RLF.
- 4) The EDA Attorney, or designee, shall prepare all loan agreements, review all promissory notes and mortgage or lien instruments, record RLF security instruments, counsel EDA Board of Directors and staff on default matters and shall be consulted with regard to compliance with State Freedom of Information Act.

SECTION 5: APPLICATION PROCEDURES

5.1 INITIAL CONTACT

Prior to submitting an application, all RLF applicants must discuss the program with EDA staff, which will provide assistance, as is reasonably necessary, in completing an RLF application. All financial information shall be kept in a secured place with limited access by authorized personnel only, subject to the State Freedom of Information Act.

5.2 TIMING

Applications may be submitted at any time during the calendar year.

5.3 PRIORITY

Applications shall be reviewed in the order received and based on readiness for the proposed project to proceed. In those instances where the number of requests for RLF funds exceeds available funding, RLF applications shall be prioritized based upon the date of receipt of all requested application materials, the number of jobs to be created and/or retained, and the amount of private sector leverage that is included in the project. When feasible, the amount of funds contributed to each project will be reduced in order to facilitate as many loan requests as possible.

5.4 LOAN APPLICATION

Applicants shall submit an application using forms available from EDA staff that includes the following:

- 1) A completed RLF application (see Attachment A).
- 2) A written business plan that includes the following:

- a) A brief history of the existing or proposed business, including when it started or is to start, type of operation, legal structure, management, markets, and products.
 - b) A marketing plan, including a list of key customers and clients.
 - c) A personal resume for each principal associated with the business, including: number of years of experience in the business; educational background; and role in the proposed or existing business.
 - d) Financial statements for the past three years and a current interim financial statement, including balance sheets and income statements that are compiled by an independent accountant in accordance with generally accepted accounting principles, including all footnote disclosures.
 - e) Aging of accounts receivable and accounts payable corresponding with latest available financial statements.
- 3) A description of how the business plans to use the requested funds.
 - 4) Letters of commitment from all financial institutions or other sources of funds for the debt financing that are included in the project. These commitments shall be obtained prior to, or concurrently with, the approval of the RLF loan by the EDA.
 - 5) Financial projections for the first three years of the project, including balance sheets and income statements that are prepared by an independent accountant in accordance with generally accepted accounting principles and include a discussion of all significant assumptions. In addition, start-up businesses shall provide quarterly financial projections for the first two years of the project.
 - 6) Personal financial statements for the principals of the business.
 - 7) Cost estimates for all capital equipment purchases, land and building acquisition, and building construction and renovation.
 - 8) A lease or pre-lease agreement for rental property or an offer to purchase for real estate that is included in the project.
 - 9) Documentation that the project is in compliance with local and State building codes and zoning regulations and other applicable local and State ordinances.
 - 10) Other documentation that may be required to support the RLF project.

5.5 REVIEW PROCESS

Specific steps in the review process include the following:

- 1) Project Application. EDA staff shall review the application for completeness and verify that the proposed project meets the minimum requirements provided in Section 2.6. If the application is not complete, EDA staff will inform the applicant of the deficiencies.

- 2) Application Review. The EDA LRC shall meet to review an application within 30 days of the receipt of completed application, as documented in Section 5.4. Once the EDA LRC's review of the project is completed, the EDA LRC shall forward the recommendation for funding to the EDA Board of Directors.
- 3) Negotiation of Terms. Upon acceptance by the EDA Board of Directors, EDA staff shall contact the business to review and explain the loan terms.
- 4) Notice of Award. If the application is approved, a closing shall be scheduled to execute the necessary loan documents.
- 5) Rejection of Award. If the application is not approved, EDA staff shall notify the applicant in writing of the reasons for rejection and offer to meet with the applicant to explore ways to strengthen the loan request or to identify alternative funding sources.

5.6 APPLICATION EVALUATION

Each and every application that is received by the EDA shall be reviewed and evaluated based on the following criteria:

- 1) Business Evaluation. The historical performance of the business, if applicable, and the proposed owners will be evaluated to assess the ability to repay the loan. Specifically, this evaluation will include:
 - a. Financial Performance of the Business: If applicable, this involves an evaluation of prior three (3) years financial performance, including an examination of tax returns, balance sheets, income statements and cash flow statements.
 - b. Financial Performance of the Owners: This involves an evaluation of the personal tax returns of the prior three years, a personal financial statement, and a credit bureau check.
 - c. Market Performance: This involves an evaluation of the relevant local and national markets and a demonstration of the expectation for a strong potential market for the product or service.
 - d. Management Ability: This involves an evaluation of the experience and skills of the proprietor, partners, or directors. This includes general business experience as well as specialized experience in the particular industry.
- 2) Project Evaluation. The merits of the proposed uses of the funds will also be assessed to determine the ability to repay the loan. Early stage companies must demonstrate sufficient cash flow in order to repay the loan. Specifically, this evaluation will include:
 - a. Projected Income and Expenses: This involves an assessment of the validity and risk of the income and expense projections.

- b. Projected Financial Statements: A thorough credit analysis will be performed using both historical and projected financial statements.
 - c. Value of the Assets and Collateral: Appraisals, when appropriate, will be required to assist EDA in evaluating the ability to secure the loan.
 - d. Changes in Market Strategy and/or Management Strategy: A complete business plan will be required. Any proposed significant changes in the business plan, market strategy, or management team will be reviewed.
- 3) Public Benefit Evaluation. Loan applications will be evaluated based on additional criteria measuring public benefits.
- a. The degree to which the feasibility of the project depends on the DF loan. The applicant must demonstrate the inability to raise all the project funds through private lenders or equity. The EDA reserves the right to reject an application based on the corporate or personal net worth of the applicant. Specifically, this evaluation will include:
 - b. The percentage of sales or receipts generated outside of Winchester.
 - c. The projected tax revenues to the City.
 - d. The impact on the neighborhood and quality of life.
 - e. Total number of jobs created.

RLF loans are made for the purpose of certain public benefits. Failure to meet requirements set forth herein may result in an assessment by the EDA of liquidated damages.

SECTION 6: LOAN CLOSING PROCEDURES

- 6.1 Prior to releasing funds, the following documentation shall be in place or provided at the appropriate time during the term of the loan.
- 1) Loan Approval. The EDA Board of Directors shall review and approve a complete application for each eligible applicant.
 - 2) Loan Agreement. The EDA Attorney, or designee, shall prepare a loan agreement which shall be executed by the EDA Executive Director, Board Chairperson and/or Board Vice Chairperson, as well as the authorized representatives of the business.
 - 3) Promissory Note. A promissory note shall be prepared by the EDA Attorney, or designee, and signed by the authorized representatives of the business at the time of

loan closing. The note shall be dated, reference the agreement between the EDA and the business, and specify the amount and terms of the loan funds to be delivered.

- 4) Security. Deed(s) of Trust and/or lien instruments and personal guarantees provided as security for all loans shall be prepared by the EDA Attorney, or designee, and executed at the time of the loan closing. The EDA Attorney, or designee, shall record all security instruments and place copies in the project file, as applicable, to include: a) Deed-of-Trust and/or security agreement; b) UCC searches and filing; c) guarantee agreement; d) title insurance commitment and policy; e) assignment of life insurance; f) property-casualty insurance binder; g) personal guarantee; and h) other documentation as may be appropriate.
- 5) Amortization Schedule. An amortization schedule shall be prepared by EDA staff that shall become an attachment of the loan agreement. The amortization schedule should describe the amount of each payment broken down by principal and interest and when each payment will be due for the entire term of the loan.
- 6) Evidence of Program Expenditures. Documentation shall be provided by the applicant to evidence RLF program expenditures prior to the release of funds. Documentation includes invoices or receipts for materials and supplies, final bills of sale, letters from lenders, and/or canceled checks. All documentation shall be reviewed and approved by EDA staff. EDA staff shall also verify the installation of all fixed equipment.
- 7) Other Documentation. Documentation shall be provided by the applicant to evidence that all required permits, licenses, and registrations have been obtained prior to the release of RLF funds. As appropriate or necessary, the borrower may also be asked to provide the following documentation: a) a certificate of good standing from the Secretary of State; b) articles of incorporation and by-laws; c) a resolution or agreement to borrow funds; d) current financial statements; e) evidence of having secured other funds necessary for the project; and f) an environmental analysis for real estate loans, if justified.

SECTION 7: OBLIGATIONS OF LOAN RECIPIENT

- 7.1 In addition to the terms and conditions of the loan, all borrowers shall agree to comply with the following:
 - 1) Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability, sexual orientation, or national origin in any employment or construction activity related to the use of RLF monies.
 - 2) To use RLF monies only to pay the cost of services and materials necessary to complete the RLF project or activity.
 - 3) To permit inspections by persons authorized by the EDA of all projects and properties assisted with loan funds. Related project materials shall also be open to inspections

which include, but may not be limited to, contracts, materials, equipment, payrolls, and conditions of employment. Requests for inspection shall be complied with by the borrower.

- 4) To maintain records on the project that are necessary for the EDA to determine if the performance of the business complies with the terms of the loan agreement. Files shall be maintained as long as the loan is active or for at least three years after completion of the work for which the loan has been obtained, whichever is longer.
- 5) To submit the following documentation during the outstanding term of the RLF loan: a) quarterly financial statements verified by the borrower within 45 days of the end of each calendar quarter, if required by loan approval; b) annual financial statements compiled by an independent accountant in accordance with generally accepted accounting principles within 120 days of the end of each fiscal year; c) signed copies of corporate and person Federal income tax returns within 30 days following their due dates; and d) annual personal financial statement on any and all guarantors.
- 6) To maintain property-casualty insurance and flood insurance, if applicable, for the property financed with RLF monies for the term of the RLF loan. The EDA shall be listed as an additional insured on the policy. In addition, key-person life insurance coverage naming the EDA as a beneficiary.

SECTION 8: PERFORMANCE MONITORING

8.1 PRIVATE LEVERAGE COMMITMENTS

EDA staff shall monitor the use of the funds and expenditure of private leverage commitments. Documentation shall include invoices or receipts for materials and supplies, letters from lenders, final bills of sale, and/or canceled checks.

8.2 DEFAULT

In the event the business is in default on any of the terms and conditions of the loan agreement, the promissory note, or any other loan document, other than the failure to make a payment of principal or interest when due or to create and/or retain the agreed upon number of jobs, all sums due and owing to the EDA, including the full unpaid principal balance and all unpaid accrued interest, shall, at the option of the EDA, become immediately due and payable. To exercise this option, the EDA Attorney shall provide a written notice to the business that specifies the following: a) the default; b) the action required to cure the default; and c) a date, not less than 30 days from the date of the notice, by which the default shall be cured to avoid foreclosure or other collective action.

If the borrower fails to make any payment of principal or interest when due under the promissory note, and the default continues for 10 days, all sums due and owing to the EDA, including the full unpaid principal balance and all unpaid accrued interest shall, at the option of the EDA, become immediately due and payable, without notice or demand.

In the event of the occurrence of a default and the EDA exercises its option to accelerate the promissory note, then interest after the date of default shall be computed at a default rate to be established at the time the loan agreement is executed.

SECTION 9: USE OF LOAN REPAYMENTS AND REPORTING

9.1 RLF PROGRAM

Repaid RLF monies shall be deposited in the RLF account and used in a manner consistent with the RLF manual. A separate record for each loan shall be kept to account for all funds loaned. The RLF account shall be audited on an annual basis and EDA staff shall provide progress reports as required to the EDA Board of Directors regarding the use of RLF program income. Reports shall be submitted on forms prescribed by the EDA Board of Directors.

9.2 REVOLVING NATURE OF PROGRAM

It is the intent of the EDA Board of Directors that this program be of a revolving nature, hence the name Revolving Loan Fund. This means that as loan funds are repaid, as schedule principal and/or interest payments and as principal prepayment, they shall be recycled back into the fund and lent out to additional qualified businesses in accordance with this manual.

9.3 AVAILABILITY OF FUNDS

Making loans from RLF program is subject to the availability of funds within the designated account, which is subject to repayment of loans under Section 9.2 and current and future allocations to the fund from the EDA Board of Directors and any additional funding sources that are or become available to this program.

SECTION 10: LOAN SERVICING

10.1 MONITORING

EDA staff shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to ensure continued repayment of the loan. The monitoring shall also ensure that all recordkeeping requirements are met particularly with regard to job creation and the expenditure of matching funds.

10.2 RECORDKEEPING

A loan servicing file shall be established and maintained for each loan recipient that includes the following documentation as separate tabs within the same file or as separate file(s), if necessary:

- 1) Loan Application File. The loan application file shall include a copy of the RLF application, business financial statements, personal financial statements, business plan documents, and other supporting loan information submitted to the EDA, including all applicable correspondence. In addition, the file shall contain a copy of the loan

application summary with recommended actions regarding the application, and a copy of the minutes for the public meetings held to take action on the loan request.

- 2) Loan Closing File. The loan closing file shall include all loan closing documents, including the note and other security instruments; closing statement; title insurance commitment and policy, if applicable; certificates of insurance for builder's risk, property-casualty, flood, and life insurance, as applicable. This file shall be placed in a locked, fireproof vault or filing cabinet. EDA staff shall be involved in helping create and complete this file to ensure complete loan documentation. Copies of the loan closing documents and an amortization schedule shall be provided to the loan recipient.
- 3) Financial Management File. RLF financial management records shall be maintained that include the following registers:
 - a) RLF Register: A record of all deposits and disbursements to and from the RLF, including funds used for RLF administration.
 - b) RLF Loan Repayment Register: A record of all repayments made by each business that has received a loan from the RLF, as well as the balance of repayments from all RLF loans.
 - c) Collection Register: A register for each loan that contains the business name, loan date, loan amount, terms, and date repayment begins.
- 4) "Tickler File" System. A tickler file system shall be established and maintained to ensure that loan repayments, financial information, the loan agreement, UCC updates, and other documentation requirements are tracked and obtained as required. The system will include the following monthly-coded index files:
 - a) Expiration dates for property-casualty, flood and/or life insurance policies;
 - b) Due dates for all financial statements;
 - c) Expiration dates for UCC Financing Statements, the reminder to update being at least 45 days prior to the expiration of the UCC filing on hand;
 - d) Scheduled dates of annual loan performance and covenant reviews;
 - e) Dates for site visits;
 - f) Due dates for property tax payments and dates by which the community expects to hear from the borrower regarding confirmation of payment of taxes; and
 - g) Dates on which loan recipients will be notified of scheduled changes in the loan amortization scheduled per loan agreements.
- 5) Financial Statement File. The financial statement file shall include the business' periodic financial statements as required by the loan covenants with a statement indicating that EDA staff reviewed the data.
- 6) Progress Report File. During the outstanding term of the RLF loan, loan recipients shall be required to submit annual progress reports, including quarterly and annual financial statements that will be stored in this file.

- 7) Field Visit File. EDA staff shall make periodic field visits to verify information in the progress report and financial statements. A summary of each site visit will be placed in the permanent file, including any information that can assist in rating the overall condition/risk of the loan.
- 8) Repayment Monitoring File. The repayment monitoring file shall include the loan amortization schedule and status of payments on the RLF loan. Observations regarding concerns or problems shall be reported to the EDA Board of Directors and notations placed in the tickler file to remind EDA staff of the need to provide continued monitoring.
- 9) Loan Review File. All loans shall be reviewed on an annual basis, and at such other times as may be deemed necessary by the EDA Board of Directors. The review shall follow receipt of the fiscal year-end financial statements, the year-end progress reports, and site visits. A report on the loan review will be placed in the file and address the following: timeliness of monthly payments; condition of collateral securing the loan and status of security documents; overall financial condition of the business; the presence of material liens or lawsuits; and violations of loan covenants and suggested corrective actions.

If the business is experiencing problems, EDA Board of Directors and staff shall work with the loan recipient to identify actions that are needed to correct the identified deficiencies, including possible restructuring of the loan to improve cash flow within the business. Restructuring can include deferring principal and interest payments, adjusting the rate of interest, and/or providing additional working capital. If appropriate, EDA Board of Directors and staff shall arrange for business assistance, including services available through the Lord Fairfax Community College, Small Business Development Center (SBDC), the Service Corp of Retired Executives (SCORE), and/or other entities having an interest in serving the needs of businesses.

Attachment A - Loan Application