



LENDING POLICY GUIDANCE

Statement of Purpose

In 2019, as a result of the Schoharie County Government commissioned economic development strategy *Shaping the Way Forward* penned by Peter Fairweather, SEEC was established by the private-sector to lead county-wide economic development. A primary strategy recommendation was to identify and develop transformational incentives.

In doing so, SEEC has established unconventional funding opportunities for business and not-for-profit organizations that may generate a community and/or economic development impact. One of these initial offerings is known as:

SEEC Resiliency Fund: Crisis response and business adaptation revolving loan/grant.

SEEC has allocated its resources and will continually raise capital to help fund this important programs.

SEEC Funds are intended to stimulate economic activity, retain and expand job opportunities for businesses or organizations that demonstrate a community or economic development impact within Schoharie County, NY.

Goals & Objectives

The SEEC Resiliency Fund will provide unconventional lending terms to support established local businesses and organizations that were negatively impacted by the COVID-19 pandemic. Longer-term, the program may offer recovery funds for any business or organization that is planning investment, business modification achieving health and safety protocols or to meet new market demands.

While the SEEC Funds are not a substitute for conventional financing, awards can fill gaps in existing local, state, and federal support.

Program Descriptions

Initially, the Resiliency Fund is designed to assist stabilization of the local economy, retain jobs and prepare for the “new normal” post the COVID-19 world pandemic. Favorable borrower terms include a blended low-interest loan and grant package, up to 100% of the business or project need ,not to exceed \$5,000.

The SEEC Board of Directors may exercise discretion to extend more credit and/or expand the term limits on any and all of the program offerings.

Initial participation by other lending institutions is preferred wherein SEEC will often take a subordinate security position.



LENDING POLICY GUIDANCE

Eligibility

- Area: Business or organizations located within Schoharie County, NY
- Size: 50 FTE or less
- Entities: For profit and not-for-profit organizations (no national chains)
- Industries: Industrial, Commerical, Manufacturing, Retail, Agriculture and Service
- Expenses: Capital improvements, furniture, fixture, equipment and/or working capital

Typical Parameters

- Amount:* Award shall not exceed \$5,000
- Disbursement:* \$5,000 (\$2,500 loan/\$2,500 deferred loan (Grant), deferred upon timely payment history)
OR \$2,500 Grant only
- Interest Rate:* Fixed rate at 0%
- Amortization:* 42 months total with 36 months amortization, payments start after 6 month no action period
- Equity:* Not required
- Loan Security:* Personal gurantees, subordinate position and/or unsecured
- Fees:* No application fee; background check cost passed through, late fee not to exceed \$50 monthly
- Penalties:* Failure to comply will risk loan deferral; may increase interest rate and late fee

SEEC Board reserves the right to alter terms at any time.

Legal Requirements

All SEEC Fund borrowers must comply with the requirements of Federal, State and local laws concerning civil rights, the environment, insurances and access to the physically handicapped.

Loan Review Committee

The Enterprise Investment Committee (or Review Committee) shall be comprised of volunteers with an assigned chairperson. At least one (1) SEEC Board member and two (2) active SEEC Advisory Council members must be involved. The Committee may not exceed five (5) total members. Participation of banking representatives or members of other organizations that make-up the Schoharie County economic development alliance are strongly encouraged. Within 30 days (but with the intention of a much shorter time



LENDING POLICY GUIDANCE

period) of receiving a complete loan application, the Review Committee shall make consensus recommendations to the SEEC Board for action.

SEEC Staff

SEEC staff will accept applications, review for completeness and coordinate with the Review Committee and SEEC Board for the approval process. Should SEEC elect to utilize a third-party administrator for any program, SEEC staff will manage and facilitate program efforts as a liaison between the Review Committee and the third-party administrator. SEEC staff does not have voting authority for loan recommendations or approvals.

SEEC Board

Exercises all authority over the SEEC Funds and may limit or extend credit at its discretion.

Loan Application Review

All loan applications will be accepted and initially processed by the SEEC executive director or his/her designee. Within ten (10) business days of receiving a complete application, the SEEC staff will prepare an application summary for Review Committee consideration. The Review Committee will provide recommendations to the SEEC Board within 20 days seeking final action – approval or denial of request.

Conditional Approval

Upon SEEC Board approval, SEEC staff will distribute a “Conditional Approval” letter outlining the terms of funding award. The applicant must sign and return the Conditional Approval letter as acceptance of the terms prior to preparing the loan documents for final execution.

Disbursement

The awards will be fully disbursed at time of or shortly after final document execution.

Clawback Provision

SEEC reserves the right to “clawback” the full or partial amount of any loans and/or grants awarded if the receiving business ceases operations within the following timeframes; 42 months from time of disbursement for a loan-grant award and 24 months from time of disbursement for a grant only award.



LENDING POLICY GUIDANCE

Delinquent Loan & Collection

SEEC will provide its best effort to collect all monies awarded under each SEEC funded loan. Loans are considered “delinquent” when they have not had payment activity during a sixty (60) day period or loans that are sixty (60) days in arrears.

SEEC or its agent will monitor monthly repayment activity of all outstanding loan accounts and initiate normal collection procedures ie. notice of payments, collection calls and other legal means necessary to collect the outstanding debt. When normal procedures fail to produce the desired results, the account may be turned over for collection agency or legal remedies pursued to conclusion.

Amendment

The Review Committee will provide general oversight of the operation of the SEEC Funding programs in cooperation with the program chairman and executive director. When the need for change or modification of policy arises, the Enterprise Investment Committee Chair shall submit such a recommendation to the SEEC Board of Directors for review and subsequent action.

DATE: May 26, 2020