

**WAUPACA COUNTY ECONOMIC DEVELOPMENT CORPORATION
LOAN FUND POLICIES AND PROCEDURES MANUAL**

**WAUPACA COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

**Approved by WCEDC Board of Directors
April 24, 2019**

TABLE OF CONTENTS

SECTION 1	GENERAL PROVISIONS	1
1.1	PURPOSE	1
1.2	OBJECTIVES	1
SECTION 2	ADMINISTRATION	1
2.1	PROGRAM ROLES	1
2.2	MEETINGS.....	2
2.3	RECORDS	2
2.4	ADMINISTRATIVE COSTS	4
SECTION 3	ELIGIBILITY	5
3.1	ELIGIBLE AREA	5
3.2	ELIGIBLE APPLICANTS.....	5
3.3	ELIGIBLE ACTIVITIES.....	5
3.4	INELIGIBLE ACTIVITIES & BUSINESSES	6
SECTION 4	WCEDC LOAN FUND PROGRAMS	6
4.1	TRADITIONAL ECONOMIC DEVELOPMENT LOAN FUND	6
4.2	DOWNTOWN FAÇADE LOAN PROGRAM	8
4.3	MICRO ECONOMIC DEVELOPMENT LOAN PROGRAM	9
4.4	EQUITY INVESTMENT PROGRAM	10
4.5	E-COMMERCE LOAN PROGRAM.....	11
SECTION 5	APPLICATION PROCEDURES.....	12
5.1	DISCUSSION OF REQUIREMENTS.....	12
5.2	TIMING	12
5.3	PRIORITY	12
5.4	LOAN PACKAGE	12
5.5	REVIEW PROCESS	13
SECTION 6	DISTRIBUTION OF FUNDS.....	14
	LOAN PROCEDURES	14
SECTION 7	POST APPROVAL REQUIREMENTS	15
	OBLIGATIONS OF LOAN RECIPIENT	15
SECTION 8	PERFORMANCE MONITORING	16
8.1	PRIVATE LEVERAGE COMMITMENTS.....	16
8.2	DEFAULT.....	16
SECTION 9	LOAN SERVICING	17
9.1	INTRODUCTION	17
9.2	MONITORING	17
9.3	RECORDKEEPING	17

SECTION 1: GENERAL PROVISIONS

These regulations shall hereinafter be known, cited, and referred to as the WCEDC Loan Fund Policies and Procedures Manual.

1.1 PURPOSE

These regulations have been established to set forth the criteria that shall govern the economic development activities promoted with funds made available through the WCEDC Loan Fund (hereinafter referred to as the Program).

1.2 OBJECTIVES

Economic development activities assisted with loan funds made available through this Program are intended to meet the following objectives:

- (a) To maintain and promote a diverse mix of employment opportunities that minimize seasonal or cyclical employment fluctuations.
- (b) To encourage the creation and retention of permanent jobs which represent a range of wage scales appropriate to the skills and experience of the local labor force.
- (c) To encourage the leveraging of new private and public investment in Waupaca County.
- (d) To maintain a positive business climate which encourages the retention and expansion of existing businesses and industry and helps to attract desirable new businesses and industry.
- (e) To encourage the deployment of modern technology, as well as safe and healthy work environments.
- (f) To promote entrepreneurship and business start-ups in Waupaca County.

SECTION 2: ADMINISTRATION

2.1 PROGRAM ROLES

Overall Structure of the WCEDC Loan Fund

WCEDC Executive Committee:

The role of the WCEDC Executive Committee will be to provide fund oversight and

consider amendments to the provisions of the WCEDC Loan Fund Policies and Procedures Manual.

WCEDC Loan Committee:

The WCEDC Loan Committee will be comprised of nine (9) participating representatives appointed by the WCEDC Executive Committee. WCEDC Loan Committee members will have knowledge of commercial lending and economic development processes. Expertise on the Loan Committee optimally shall include representation from the governing body, a local chamber of commerce, the local banking community, a business law attorney, as well as a local accountant.

WCEDC Executive Director:

The Executive Director shall explain the Program to prospective applicants, furnish written information, assist applicants in completing applications and process all requests for funds.

The Executive Director shall review all financial statements and loan amortization schedules; review and approve documentation of the Program expenditures; maintain a separate accounting record and report monthly to the WCEDC Executive Committee regarding the receipt and use of Loan Fund revenues.

The Executive Director, with the assistance from the WCEDC Corporation Counsel, shall review all loan agreements, promissory notes, mortgages and/or lien instruments, record security instruments, and advise the WCEDC Loan Fund Committee on default matters.

The Executive Director shall verify the installation of all fixed equipment financed with Program funds.

The Executive Director shall invest all unused WCEDC Loan funds in secure low risk accounts that provide high yield and liquidity.

2.2 MEETINGS

Pursuant to Section 19.84, Wisconsin Statutes, all WCEDC Loan Fund Committee members and the general public shall be given prior notice of each meeting. Meetings and or teleconferences shall be held on an as-needed basis. A majority of those present and constituting a quorum (50% plus 1) shall be required for official Committee action to take place on any application or any other business except as otherwise provided herein.

2.3 RECORDS

Written records of all Program activities, including meetings, applications, and related

documents shall be maintained in appropriate files. All individual project files shall be maintained as **confidential** records. The following files shall be established and maintained by the Executive Director for each loan recipient:

- (1) Loan Application File - All application, business financial statements, personal financial statements, credit reports, business plan documents, and other supporting loan information submitted to the WCEDC Loan Fund Committee, including all applicable correspondence, shall be placed in a permanent file.
- (2) Loan Recommendation File - This file should contain a summary of the analysis, recommended actions for the application, and a copy of the minutes for the WCEDC Loan Fund Committee meeting summarizing the action taken on the loan request.
- (3) Loan Closing File - This file contains copies of all loan-closing documents. This file contains all the legal documents from the loan closing, including security instruments. All applicable legal documents and correspondence shall be digitally scanned and stored in a cloud environment. Copies of the loan closing documents and an amortization schedule may be provided to the loan recipient if requested.
- (4) "Tickler File" System – An electronic or paper tickler file system shall be established and maintained to ensure that loan repayments, financial information, the loan agreement, UCC updates, and other time sensitive documentation requirements are tracked and obtained as required.
- (5) Site Visit File - Site visits shall be conducted periodically to each loan recipient, the scheduling of which depends on the nature of the project. A summary of the site visits, including photos of assets, shall be placed in the file, particularly highlighting any information that can help in rating the overall condition/risk of the loan.
- (6) Repayment Monitoring File - This file shall include the loan amortization schedule, status of payments, and the outstanding balance of the loan. Observations suggesting concerns or problems should be reported to the WCEDC Loan Fund Committee and notations shall be placed in the tickler file to remind the Executive Director of the need to provide continued monitoring.

The Executive Director shall notify the loan recipient in writing of the deficiency and the action that shall be taken should the payment not be made. Should there be a late payment; the Executive Director will contact the loan recipient to determine the reason for the delayed payment. Contact may need to be made with other participating lender(s) to determine if their loans are current and to alert the lender of a potential problem.

If the business is experiencing problems, the Executive Director is to work with the loan recipient to identify actions that are needed to correct the identified deficiencies, including possible restructuring of the loan to protect the Program's interest and meet the needs of the business. If appropriate, the Executive Director shall arrange for business assistance, including services available through the University of Wisconsin-Extension, Small Business Development Center (SBDC), the Service Corp of Retired Executives (SCORE), and other entities having an interest in serving the needs of businesses.

In the event the findings of the loan review suggest serious problems, particularly if the loan is at risk for default, the account should be turned over to the WCEDC Corporation Counsel for legal action in order to initiate steps necessary to protect the loan and to ensure the maximum repayment of the balance due. Again, corrective actions may be achieved through restructuring, or if necessary, foreclosure actions.

2.4 ADMINISTRATIVE COSTS

Reasonable administrative funds may be withdrawn from the Program to cover personnel costs and other administrative expenses. Administrative expenses of up to one (1) percent of capital under management may be used for direct administrative costs. In addition to paying for direct administrative costs, these funds may be used for the following:

- (1) Legal costs.
- (2) Fees for credit analysis, business plan reviews and technical assistance from other entities or groups. Technical assistance can include, but is not limited to business plan development, application assistance and document review.
- (3) Office supplies, copying, typing, mailing, and Program related costs.

To generate additional revenue to cover direct administrative costs, the WCEDC Loan Fund Committee will charge loan origination fees, closing fees, servicing fees, and other fees to cover charges directly related to either processing an application or servicing a loan. All fees collected go to the Program. The accounting of the fee revenue placed in the Program shall include separate line items to track administrative expenses recovered.

SECTION 3: ELIGIBILITY

3.1 ELIGIBLE AREA

Eligible activities shall take place within Waupaca County.

3.2 ELIGIBLE APPLICANTS

- (1) Applications may be submitted by the Chief Executive Officer, business owner or their designee of any business or industry wishing to establish a new operation or expand an existing operation in Waupaca County.
- (2) No member of the WCEDC Loan Fund Committee or any other official, employee or agent of the WCEDC Loan Fund, who exercises decision-making functions or responsibilities in connection with the implementation of this Program, is eligible for financial assistance under the Program.
- (3) Program loans will not be made which are in conflict with Section 946.13 of the Wisconsin Statutes (Private Interest in Public Contract Prohibited).
- (4) Applicants shall not be discriminated against on the basis of age, race, religion, color, handicap, sex, physical condition, developmental disability (as defined in s. 51.01 (5)), sexual orientation or national origin.

3.3 ELIGIBLE ACTIVITIES

Program loans and investments shall be available to eligible applicants for the following activities:

- (1) The acquisition of land, buildings, and fixed equipment;
- (2) Site preparation and construction, reconstruction or installation of fixed equipment;
- (3) Clearance, demolition, removal, rehabilitation or construction of buildings and improvements;
- (4) Working capital;
- (5) Direct loans to businesses for downtown facade and streetscape improvements;
- (6) An equity investment in a Waupaca County business start-up;
- (7) Local match which leverages additional funding;
- (8) Micro financing;
- (9) Debt refinancing. Refinancing debts may be allowed in connection with viable projects when the WCEDC Loan Fund Committee determines that it is necessary to retain existing businesses. Refinancing in accordance with this paragraph may

be approved only when:

- (a) It is necessary to spread substantial debt payment over a longer period of time thereby improving the business' net cash flow and working capital position consistent with the useful life of the asset(s) being refinanced; or
- (b) For payment of short-term debt when required in situations customarily financed over long periods of time (e.g., financing the purchase of real estate, machinery, or equipment with short term debt or cash expenditures, when conventional lenders would not extend reasonable longer terms to the business); or
- (c) It is necessary to place a permanent loan subsequent to an interim loan for financing the construction of a project.

3.4 INELIGIBLE ACTIVITIES & BUSINESSES

Program loans/investments shall not be available for the following activities and purposes:

- (1) Gambling operations
- (2) Businesses not serving the interests of Waupaca County
- (3) Residential building construction or reconstruction

SECTION 4: WCEDC LOAN FUND PROGRAMS

4.1 TRADITIONAL ECONOMIC DEVELOPMENT LOAN FUND

- (1) Objective – To maintain a positive business climate which encourages the creation and retention of new and existing businesses.
- (2) Eligibility - Direct loans are available to eligible applicants who meet all the minimum Program requirements.
 - (a) Financial Feasibility and Business Viability - The applicant must demonstrate that the proposed project is viable, and that the business will have the economic ability to repay the funds.
 - (b) Compliance with Applicable Laws - The applicant shall comply with all applicable local, state, and federal laws and codes.
- (3) TERMS AND CONDITIONS

The WCEDC Loan Fund Committee shall structure loan proposals on the basis of need

and ability to repay. Minimum standards shall include the following:

- (a) Loan Amount - Loan amounts shall not exceed \$100,000. Loans may equal 100 percent of project costs at the sole discretion of the WCEDC Loan Fund Committee, but shall not compete with financing by private sector financial institutions.
- (b) Interest Rate - The interest rate shall be set by the WCEDC Loan Fund Committee.
- (c) Loan Term – Terms of the loan shall be set by the WCEDC Loan Fund Committee. Loan terms may include longer amortization schedules with balloon payments. In any case, the loan shall not have a term longer than the terms of the other financing in the project and/or the life expectancy of the fixed assets being pledged as collateral.
- (d) Repayment - Payment of interest and/or principal may be deferred if justified in the loan application. The amount of time for deferred payments will be determined by the WCEDC Loan Fund Committee. Interest shall accrue during the deferment period and shall be added to the principal amount of the loan. Thereafter, interest and principal shall be collected for the remaining term of the loan to maturity. A repayment schedule shall be set up for equal monthly payments of principal and interest. A copy of the repayment schedule shall be provided to each recipient by the Executive Director. Payments will be set up as automatic withdrawals from the borrower's checking or savings account.
- (e) Prepayment - Loans shall not be subject to any penalty for prepayment.
- (f) Collateral - Reasonable security will be required for 100 percent (100%) of the loan. Collateral may consist of: (1) a first or second lien on all assets to be purchased with loan proceeds, (2) a lien on all other assets owned by and used in the business, (3) personal assets and guarantees and/or, (4) the full faith and credit of the business.

4.2 DOWNTOWN FAÇADE LOAN PROGRAM

- (1) Objective - The objective is to provide incentives and financial assistance for façade renovations that encourages property and business owners in traditional downtowns, meaning the traditional central business district of a community that has served as the center for socioeconomic interaction in the community, characterized by a cohesive core.
- (2) Eligibility - Businesses or tenants located within traditional downtowns of cities, villages and towns in Waupaca County are eligible. Startup businesses located in

traditional downtowns are eligible, but must provide an acceptable business plan, show sufficient management background and an equity position in the business. Applicants must demonstrate ability to cash flow the projected debt service and to operate a business successfully. Property taxes on the property must be current. Stand-alone businesses located in rural areas outside of traditional downtown districts are ineligible to apply.

Eligible uses - Façade renovation, signs, exterior doors, windows, awnings, exterior graphics, exterior lighting, and other façade or landscape improvements. Façade renovation funds can only be used for rehabilitation expenses incurred after the application is approved for funding by the WCEDC Loan Fund Committee.

Ineligible Uses - Refinancing, building purchases, inventory, furniture, equipment or working capital. Projects cannot be primarily residential in nature. Projects must demonstrate a reasonable assurance of repayment.

Design Requirements - Applicants must provide acceptable façade renovation design plans that must comply with suitable design guidelines prepared and adopted by local governments.

(3) TERMS AND CONDITIONS

The WCEDC Loan Fund Committee shall structure loan proposals on the basis of need and ability to repay. Minimum standards shall include the following:

- (a) Loan Amount - Loan amounts shall not exceed \$10,000. Loans may equal 100 percent of project costs at the sole discretion of the WCEDC Loan Fund Committee, but shall not compete with financing by private sector financial institutions.
- (b) Interest Rate - The interest rate shall be set by the WCEDC Loan Fund Committee.
- (c) Loan Term - Terms of the loan shall be set by the WCEDC Loan Fund Committee. Loan terms may include longer amortization schedules with balloon payments. In any case, the loan shall not have a term longer than the terms of the other financing in the project and/or the life expectancy of the fixed assets being pledged as collateral.
- (d) Repayment - Loans payments may be deferred up to 6 months. Loans shall not be subject to any penalty for prepayment. Payments will be set up as automatic withdrawals from the borrower's checking or savings account.

- (e) Collateral - Reasonable security will be required for 100 percent of the loan. Collateral may consist of: (1) a first or second on project real estate, (2) a lien on all other assets owned by and used by the business, (3) personal assets and guarantees and/or (4) the full faith and credit of the business.

Maintenance - All borrowers will be required to continue to maintain the properties in the condition and for a time as set forth in the loan closing documentation but will normally not be less than the term of the WCEDC loan.

Compliance - Businesses repairing or replacing façade shall comply with all applicable local, state, and federal laws and codes as they may apply to their situation.

4.3 MICRO ECONOMIC DEVELOPMENT LOAN PROGRAM

- (1) Objective – To promote business development in Waupaca County by providing micro financing.
- (2) Eligibility - To be eligible for financing a proposed project must meet all of the following minimum requirements:
 - (a) Financial Feasibility and Business Viability The applicant must demonstrate that the proposed project is viable, and the business will have the economic ability to repay the funds.
 - (b) Compliance with Applicable Laws The applicant shall comply with all applicable local, state, and federal laws and codes.

(3) TERMS AND CONDITIONS

The WCEDC Loan Fund Committee or Executive Director shall structure loan proposals on the basis of need and ability to repay. Minimum standards shall include the following:

- (a) Loan Amount - Loan amounts shall not exceed \$25,000. Loans may equal 100 percent of project costs at the sole discretion of the WCEDC Loan Fund Committee, but shall not compete with financing by private sector financial institutions.
- (b) Interest Rate - The interest rate shall be set by the WCEDC Loan Fund

Committee.

- (c) Loan Term - Terms of the loan shall be set by the WCEDC Loan Fund Committee. Loan terms may include longer amortization schedules with balloon payments. In any case, the loan shall not have a term longer than the terms of the other financing in the project and/or the life expectancy of the fixed assets being pledged as collateral.
- (d) Repayment - Payment of interest and/or principal may be deferred for up to one (1) year, if justified in the loan application. Interest shall accrue during the deferment period and shall be added to the principal amount of the loan. Thereafter, interest and principal shall be collected for the remaining term of the loan to maturity. A repayment schedule shall be set up for equal monthly payments of principal and interest. The Executive Director shall provide a copy of the repayment schedule to each recipient. Payments will be set up as automatic withdrawals from the borrower's checking account.
- (e) Prepayment - Loans shall not be subject to any penalty for prepayment.
- (f) Collateral - Reasonable security will be required for 100 percent (100%) of the loan. Collateral may consist of: (1) a first or second lien on all assets to be purchased with loan proceeds, (2) a lien on all other assets owned by and used in the business, (3) personal assets and guarantees and/or, (4) the full faith and credit of the business.

4.4 EQUITY INVESTMENT PROGRAM

- (1) Objective – To facilitate business development and growth through direct investment.
- (2) Eligibility - To be eligible, the proposed investment must meet all of the following minimum requirements:
 - (a) Type - The applicant must be a start-up business located in Waupaca County.
 - (b) Economic Impact - The applicant must demonstrate the economic impact of the investment on Waupaca County.
 - (c) Compliance with Applicable Laws - The applicant shall comply with all applicable local, state, and federal laws and codes.
 - (d) Maximum Investment – The maximum equity investment in any one project will be \$25,000. No more than 10 percent (10%) of total WCEDC Loan Fund program funds may be invested in all equity investment projects.

- (e) Representation – The WCEDC Loan Fund shall have a voting member on the Board of Directors of the funded business, or if the business does not utilize a Board of Directors, shall be consulted on key business decisions by the business ownership team.

4.5 E-COMMERCE LOAN PROGRAM

- (1) Objective – To promote e-commerce in Waupaca County by providing financing.
- (2) Eligibility - To be eligible for financing a proposed project must meet all of the following minimum requirements:
 - (c) Financial Feasibility and Business Viability The applicant must demonstrate that the proposed project is viable, and the business will have the economic ability to repay the funds.
 - (d) Compliance with Applicable Laws The applicant shall comply with all applicable local, state, and federal laws and codes.

- (3) TERMS AND CONDITIONS

The WCEDC Loan Fund Committee or Executive Director shall structure loan proposals on the basis of need and ability to repay. Minimum standards shall include the following:

- (g) Loan Amount - Loan amounts shall not exceed \$6,700. Loans may be for amounts that equal one or more of the 4 steps involved with setting up a business for E-Commerce. The steps and loan amounts are as follows:
 - Step 1: Digital Basics - \$750
 - Step 2: Basic Website - \$3,200 (includes 1 year of web hosting fees)
 - Step 3: E-Commerce - \$1,850
 - Step 4: Customer Acquisition - \$900
- (h) Interest Rate - The interest rate shall be 2%.
- (i) Loan Term - Terms of the loan shall be no longer than 48 months.
- (j) Repayment - A repayment schedule shall be set up for equal monthly payments of principal and interest. The Executive Director shall provide a copy of the repayment schedule to each recipient. Payments will be set up as automatic withdrawals from the borrower's checking account.
- (k) Prepayment - Loans shall not be subject to any penalty for prepayment.

Collateral - Reasonable security will be sought for 100 percent (100%) of the loan. Collateral may consist of: (1) a lien on all other assets owned by and used in the business, (2) personal assets and guarantees and/or, (3) the full faith and credit of the business.

SECTION 5: APPLICATION PROCEDURES

5.1 DISCUSSION OF REQUIREMENTS

Prior to submitting an application, the applicant shall discuss the project with the Executive Director. An application form shall be provided to the applicant. The Executive Director shall assist the applicant, as is reasonably necessary, in completing the application. All financial information shall be kept confidential.

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. Priorities for loans shall be established by the WCEDC Loan Fund Committee based on the amount of funds available.

5.4 ECONOMIC DEVELOPMENT LOAN PACKAGE

Applicants shall submit a loan package consisting of the following information:

- (1) Application - A completed application form as provided by the Executive Director.
- (2) Business Description - A written description of the business, including 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, markets and products.
 - (b) Key customers and clients.
 - (c) A brief personal resume of each principal and officer associated with the business including; number of years of experience; educational background and personal involvement in the proposed or existing

business.

- (d) Three years of financial history (if applicable) preferably reviewed or audited in accordance with generally accepted accounting principles by an independent accountant, including balance sheets, profit/loss statements and accountant notes.
- (3) Project Description - Explain how the business plans to use the requested funds.
- (4) Commitments from Private and Other Public Lenders – If applicable, include documentation of commitments from all private and other public lenders making loans to the project. Lender commitment letters should include:
 - (a) Description of the type of loan being made by the lender (first mortgage, permanent financing, construction financing, etc.);
 - (b) The amount, interest rate, term, and security of the loan; and
 - (c) Statement that the loan is contingent only on the receipt of additional financing, if applicable.
- (5) Projections - Provide balance sheets, income statements and cash flow statements to clearly show the requested loan is necessary to make the project work. These should cover a three-year period and should be based on the assumption that the business will receive the requested loan. Financial projections shall be prepared preferably by an independent accountant.
- (6) Additional Information - Additional information as may be required by the WCEDC Loan Fund Committee or Executive Director.

5.5 REVIEW PROCESS

Specific steps in the review process include the following:

- (1) Preliminary Review - The Executive Director will review the application for completeness and verify that the proposed project meets the minimum requirements provided in Section 3. If the application is not complete, the Executive Director shall inform the applicant of the deficiencies.
- (2) Formal Review - The WCEDC Loan Fund Committee will meet in person, online or via telephone to formally review the application within 30 days of receipt of a completed application. The WCEDC Loan Fund Committee may approve, reject, or request additional information about the application.

- (3) Notice of Award - Upon acceptance by the WCEDC Loan Fund Committee, the Executive Director shall contact the business to review and explain the terms of the loan. A loan closing shall be arranged to execute the necessary loan documents.
- (4) Rejection of Award - If the application is not approved; the Executive Director shall contact the applicant stating 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.

SECTION 6: DISTRIBUTION OF FUNDS

LOAN PROCEDURES

Prior to releasing funds, the following documentation must be in place or provided at the appropriate time during the term of the loan:

- (1) Acceptance of Loan Terms - The WCEDC Loan Fund Committee must have reviewed and approved a complete loan application for an eligible applicant.
- (2) Evidence of Permits, etc. - Documentation must be provided by the applicant that all necessary permits, licenses, and any other registrations have been obtained prior to the release of Program funds.
- (3) Loan Agreement - The Executive Director shall prepare a loan agreement which shall be executed by the WCEDC President, and the CEO/owner of the business.
- (4) Promissory Note - A promissory note shall be prepared by the Executive Director. The promissory note must be signed by the CEO/owner of the business at the time of loan closing. The note must be dated; it must reference the agreement between the Program and the business, and it must specify the amount and terms of the loan funds delivered.
- (5) Security - Mortgage or lien instruments provided as security for all loans must be prepared by the Executive Director and executed at the time of the loan closing. The Executive Director shall record the instrument and place a copy in the project file.
- (6) Repayment Schedule - A loan repayment schedule shall be prepared by the Executive Director and be attached to copies of the loan agreement.
- (7) Evidence of Program Expenditures - Documentation must be provided by the business to evidence Program expenditures. Documentation shall include invoices, receipts for materials, approved requests for payment, final bills of sale or canceled checks. All documentation shall be reviewed and approved by the Executive Director.

- (8) Fixed Equipment - Fixed equipment financed with Program funds must be purchased, delivered, and installed. The Executive Director shall verify the installation of fixed equipment.
- (9) Other documentation - As appropriate or necessary, the borrower may be asked to provide the following:
 - (a) A certificate of status from the Department of Financial Institutions;
 - (b) The 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 Assessment for real estate loans which may either be an Environmental Checklist or a Phase I, II, or III analysis, depending on the environmental condition of the site.

With the above documentation in place, the Executive Director will schedule a loan closing. All documents will be executed before funds are disbursed, and mortgages and UCC Statements shall be recorded with the Wisconsin Department of Financial Institutions or the equivalent state agency in the business' state of incorporation.

SECTION 7: LOAN APPROVAL REQUIREMENTS

OBLIGATIONS OF LOAN RECIPIENT

In addition to the above-mentioned terms and conditions, all applicants shall agree to comply with the following where applicable:

- (1) The applicant shall not discriminate on the basis of age, race, religion, color, handicap, sex, and physical condition, developmental disability as defined in s. 51.01(5), sexual orientation or national origin in any employment or construction activity related to the use of loan funds.
- (2) The applicant shall use the loan money only to pay the cost of services and materials necessary to complete the economic development activities for which the loan funds were awarded and shall permit the Executive Director to audit/inspect all aspects of the business in order to verify compliance.
- (3) The applicant shall permit inspections by the Executive Director of all projects and

properties assisted with loan funds. Related project materials shall also be open to inspections that include, but may not be limited to, equipment, payrolls, etc. The applicant shall comply with requests for inspection within five (5) working days of the request.

- (4) The applicant shall maintain records on the project as long as the loan is active.
- (5) The applicant shall maintain fire and extended coverage insurance on the project property during the term of the business loan. The WCEDC shall be listed as a "loss payee" or "mortgagee" insured on the policy. Term life insurance may be required of the applicant to cover the loan balance through the life of the loan.
- (6) Each industrial/business loan shall be subject to the applicable provisions and requirements of the Federal Truth in Lending Act and the Wisconsin Consumer Act, as amended.
- (7) The applicant must abide by all applicable local, state, and federal laws.

SECTION 8: PERFORMANCE MONITORING

8.1 PRIVATE AND OTHER PUBLIC LEVERAGE COMMITMENTS

The Executive Director shall monitor the use of the funds and expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, final bills of sale, credit card statements and cancelled checks.

8.2 DEFAULT

- (1) In addition to any other grounds specified in the loan agreement, the following shall also be considered grounds for default:
 - (a) Failure of the business to make any payment of principal or interest within 30 days after the payment is due and payable;
 - (b) Defaulting on other loans with private or other public lenders;
 - (c) Cessation of operations or movement of the business or industry from Waupaca County; and
 - (d) Sale of the business.
- (2) In the event of default, all sums due and owing the WCEDC Loan Fund shall, at the WCEDC Loan Fund's option, become immediately due and payable. To exercise this option, the WCEDC Corporation Counsel shall send a written notice

to the business. The notice shall specify the following:

- (a) The default;
- (b) The action required to cure the default;
- (c) A date, not less than 30 days from the date of the notice, by which the default must be cured to avoid foreclosure or other collective action; and
- (d) Any penalties incurred as a result of the default.

SECTION 9: LOAN SERVICING

9.1 INTRODUCTION

Through loan servicing activity, the Executive Director will obtain information on the continuing operations of borrowers, ensure compliance with the terms and conditions of loans and adequately protect the WCEDC Loan Fund's security requirements.

9.2 MONITORING

The Executive Director shall monitor each loan to ensure compliance with the loan terms and conditions and to monitor the financial health of the business to evaluate the ability of the borrower to continue repayment of the loan.

A loan servicing file shall be established and maintained for each loan recipient that includes all written or electronic correspondence; a record of important communications; a list of applicable loan covenants, and certificates of insurance for property-casualty, and life insurance, as applicable.

9.3 RECORDKEEPING

In addition to the above, the WCEDC Loan Fund financial management records must be comprehensive and designed to provide the following information:

- (a) A WCEDC Loan Fund Register that records all deposits and disbursements to and from WCEDC Loan Fund, including funds used for WCEDC Loan Fund administration.
- (b) A WCEDC Loan Fund Repayment Register that records repayments made by each business which has received a loan from WCEDC Loan Fund. It also tracks the balance of repayments from all loans made by the WCEDC Loan Fund. Each register contains the business name, loan date, loan amount, terms, and date the repayments begin. Payments are divided into principal and interest payments with a declining principal balance.

Waupaca County Economic Development Corporation
Jeff Mikorski, Executive Director
P.O. Box 52
New London, WI 54961
920-982-1582
wcedc@charter.net
[www,wcedc,org](http://www.wcedc.org)