

CHEMUNG COUNTY

Business Relief Program

Loan Fund Guidelines

1. Program Need

The Chemung County Industrial Development Agency and Corning, Incorporated, (collectively the “Funding Participants”), will provide funding to REDEC Relending Corporation to administer a Business Relief Program (“BRP”) for small businesses in Chemung County that have been negatively impacted by the Coronavirus pandemic. Investments of up to \$15,000 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 BRP will be available to small businesses to cover operational expenses, help prevent staff reductions and offset losses due to the COVID-19 pandemic.

2. Eligibility Requirements

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

- In addition to the owner, 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.
- Owners are required to personally guarantee the loan and must have a minimum credit score of 620.
- Applicant must have a debt service coverage ratio of at least 1:1.
- Up to \$15,000 in Loan funding will be made available to any individual loan Guarantor

Ineligible activities include:

- The transfer of ownership, unless the investment 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; 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.

3. Program Parameters

Use of Funds

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

Fee Structure

- There is no cost to apply.

Minimum/Maximum Investment Amounts

- \$2,500 minimum
- \$15,000 maximum

Terms and Repayment of Investment

- Investments will be structured with a 30-month term with no payment due for the first six months.
- No pre-payment penalty.

Collateral

- RRC 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 guaranty.

4. Application Process

RRC will utilize a BRP 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

5. Committee Review Process

Once a full application and requested supporting documentation has been received, RRC will perform an analysis. Applications will be reviewed as they are received. RRC will provide a digital summary to the Committee with recommendation for approval based on the following criteria:

- The project meets the goals and objectives of the BRP;
- The applicant demonstrates a viable need;
- The business is worthy; and
- The principals are worthy.

If the investment is approved, RRC will contact the applicant of such and begin drafting documents. If the loan is denied, RRC will notify the applicant of the decision in writing