

# WESTERN REGION CORPORATION

143 Genesee Street  
Buffalo, New York 14203  
(716) 945-5301

## REGIONAL REVOLVING LOAN TRUST FUND

### ADMINISTRATIVE PROCEDURES

#### Applicant Intake and Project Development

The five County Industrial Development Agencies (IDA's) are responsible for marketing the WRC Regional Working Capital Loan Fund. IDA's may obtain copies of the following WRC Regional Working Capital Loan Fund program literature from Southern Tier West Regional Planning and Development Board (Southern Tier West) for this purpose:

*WRC Loan Fund Marketing Brochure*

*WRC Loan Application Requirements Brochure*

The above two documents also are downloadable from Southern Tier West's web site at [www.southerntierwest.org](http://www.southerntierwest.org).

WRC does not directly accept applications from the general public for the Regional Working Capital Loan Fund. Prospective applicants must contact either one of the five county IDA's or Southern Tier West. These six agencies provide information on the Regional Working Capital Loan Fund, work with the prospective loan applicant to develop a project consistent with WRC's Regional Working Capital Loan Fund program regulations, help develop a funding package for the applicant's project (including WRC Regional Working Capital Loan Fund program participation, as appropriate), and ultimately act as sponsor for the applicant's loan request to WRC.

As part of these discussions, the sponsor's representative should discuss other potential types of financing available and appropriate for the applicant's project (e.g., commercial banks, venture capital, revolving loan funds, etc.), counseling assistance (including other loan funds, loan guarantees, business planning/marketing assistance, business counseling, job training, export assistance, etc.), and other assistance available as appropriate. Note that these various assistance services may well be provided by entities other than WRC or the sponsor. The sponsor's representative also should discuss loan assistance for portions of the project that are ineligible for direct WRC loan assistance (e.g., fixed assets such as equipment purchases, site improvements, new construction, etc.), as is appropriate to the potential applicant's circumstances. The sponsor's representative also will make a State-required site visit to the business.

**Allegany**

**Cattaraugus**

**Chautauqua**

**Erie**

**Niagara**

The sponsor's representative should discuss the applicant's proposed project with the WRC Loan Committee Chairman, or with any other individual designated by WRC, for conformity with Regional Working Capital Loan Fund program regulations and WRC policy and priority targets. At this time, the sponsor and the WRC Loan Committee Chairman should agree on a timetable for the application to be submitted, and for review by the WRC Loan Committee and Board.

### **Application Process**

Once the sponsor has determined that the loan is an appropriate loan for the WRC Regional Working Capital Loan Fund program and that the agency will act as sponsor, the sponsor should provide a copy of the **WRC Loan Fund Marketing Brochure** and the **WRC Loan Application Requirements Brochure** (see above) to the applicant. WRC policy is that applicants must provide all the information enumerated in the application form. However, WRC does not require that the WRC application form must be used; applicants may substitute copies of applications submitted to commercial banks, other revolving loan funds, or other funding sources, so long as the materials submitted contain all the information enumerated in the WRC application form. The sponsor's representative will provide guidance to the applicant in satisfying WRC's application requirements. However, responsibility for developing and submitting the necessary information rests with the applicant.

The loan applicant will submit all application materials directly to the sponsoring agency, which will review the materials submitted. Applications must be completed to the satisfaction of the sponsoring agency in order for the project to be processed further. When satisfied with the materials submitted, the sponsoring agency then prepares a Project Summary for review by the WRC Loan Committee. The format for the Project Summary may be found in the following brochure, available from Southern Tier West:

*WRC Loan Committee Presentation Format Brochure*

The above document also may be downloaded from Southern Tier West's web site at [www.southerntierwest.org](http://www.southerntierwest.org).

Please note that the Project Summary includes (a) a concise summary of the materials submitted (or the substitute applications materials, should this alternative be chosen), (b) the sponsor's recommendations, including conditions for approval, (c) a collateral analysis (required for submission of draws of funds from NYS), and (d) a compliance checklist. The Project Summary must be augmented by as many primary documents submitted by the applicant as are judged necessary by the sponsor for review of the WRC Regional Working Capital Loan Fund program loan application.

Prior to distribution of Project Summaries to the WRC Loan Committee, sponsoring agencies are advised to submit the Project Summaries to the WRC Loan Committee Chairman, or to any other individual designated by WRC, for conformity with Regional Working Capital Loan Fund program regulations and WRC policy and priority targets. After review, the Project Summaries are emailed to the WRC Loan Committee. WRC Policy is to have the Project Summaries in the hands of the WRC Loan Committee members a minimum 3 days prior to the scheduled WRC Loan Committee meeting at which the loan request will be reviewed. WRC Loan Committee members are encouraged to review the materials as soon as is possible and contact the sponsor with any questions they have on the project, so that the sponsor can research the questions or have a chance to address any deficiencies prior to the Loan Committee review of the application.

## **WRC Loan Committee Review Process**

NYS requires that the WRC Loan Committee include five or more persons experienced in commercial lending or in the operation of a for-profit business and a staff person of the regional office of the department of economic development (NYS Empire State Development). WRC policy is that these five persons experienced in commercial lending or in the operation of a for-profit business normally will be active commercial lenders, but that in any event, WRC will attempt to secure one person experienced in commercial lending or in the operation of a for-profit business that represents each of the five member counties of WRC. WRC policy is that the Loan Committee also includes one project manager from each of the five county IDA's and one from Southern Tier West, plus the representative of NYS Empire State Development.

The WRC Loan Committee reviews and discusses every application in either an in-person or a telephone conference call or a video conference meeting. WRC tries to schedule Loan Committee meetings to accommodate applicants' timing needs, but the Loan Committee normally meets no more frequently than once per month.

At the WRC Loan Committee meeting, the sponsor's representative presents the loan proposal to the WRC Loan Committee. The WRC Loan Committee determines the feasibility of the transaction proposed in the application, reviews the loan request for program compliance and creditworthiness, and adopts a resolution making a recommendation that the WRC Board of Directors take such action on the loan request as the WRC Loan Committee deems appropriate, including any special recommendations regarding loan conditions.

## **WRC Board of Directors Review Process**

If the WRC Loan Committee recommends a loan for approval by the WRC Board of Directors, the Loan Committee Chairman prepares a concise summary of the proposed loan request per prescribed format for the WRC Board. At a subsequent WRC Board of Directors meeting, normally held within one week of the WRC Loan Committee meeting, the WRC Board reviews the loan application summary. The WRC Board of Directors currently is comprised of the chief executive officers or executive directors of the six sponsoring agencies (the five county IDA's and Southern Tier West), a commercial banker, and a representative from the WNY Canada Council. WRC Board members may designate in writing an alternate to represent them at WRC Board meetings at which they are unable to attend. The WRC Board reviews and discusses every application in either an in-person or a telephone conference call or video conference meeting. WRC tries to schedule Board meetings to accommodate applicants' timing needs, but the Board normally meets no more frequently than once per month. As the WRC Board has delegated credit review of loan applications to the WRC Loan Committee, the WRC Board review normally is limited to program compliance and targeting focus. The WRC Board of Directors normally adopts the terms and conditions of approval as recommended by the WRC Loan Committee.

## **Loan Closing Process**

Upon approval by the Board, the sponsor takes over the closing process for WRC. This has the advantage that the sponsor often has developed a funding package that includes participation by the sponsor's affiliate revolving loan fund, so that there are economies in the closing process (e.g., commitment letters, attorneys, and closing).

The sponsor prepares a loan commitment letter on WRC letterhead for execution by both the President of WRC and the applicant business. The WRC loan commitment letter will contain standard and special commitment conditions that must be satisfied by the applicant business prior to the closing of the WRC loan. The sponsor's representative should make it clear to the borrower that the timeliness of closing of the WRC loan often is significantly affected by the applicant's timeliness in satisfying these commitment contingencies, and also can possibly be affected (normally less significantly) by the time it takes for NYS to transfer funds upon a draw request by WRC.

The sponsor's attorney normally acts as attorney representing WRC in the loan closing process, although if this presents a problem, another attorney can be identified that will represent WRC in the closing process. WRC normally uses the sponsor's closing documents and closing process, unless there is a compliance problem. The sponsor's closing documents must contain all of WRC's standard and special conditions. Closing costs, including attorney and filing fees, are normally deducted from loan proceeds at closing. Accordingly, the working capital component of the project for which the WRC loan is intended can include these closing costs; this should be indicated to applicants during the project development phase.

The WRC Assistant Treasurer will prepare and transmit an amortization schedule for the loan to the borrower. WRC does not use payment coupon books or invoice for loan payments due. It is the responsibility of the borrower to make timely monthly payments to WRC in repayment of the loan obligation. Borrowers are responsible for transmitting loan repayments, late fees and other charges or payments to the WRC Assistant Treasurer. Subsequent to closing, the sponsor is responsible for transmitting the closing documents to the WRC Assistant Treasurer for permanent filing. Sponsors should maintain file copies of the application materials, commitment letters, and closing documents.

### **Loan Servicing**

During the course of the loan term, the sponsor agency is primarily responsible for servicing the loan. If the loan becomes delinquent or otherwise non-compliant, the WRC Assistant Treasurer will inform the sponsor agency about the delinquency/non-compliance, and the sponsor will be responsible for contacting the borrower on behalf of WRC to secure payment or other compliance or to secure the initiation of some other activity (workout, default, etc.). At the request of the WRC Assistant Treasurer, the WRC Loan Committee Chairman, the NYS Empire State Development Representative on the WRC Loan Committee, or another member of the Loan Committee may be brought in to assist with the servicing process. On an annual basis, Southern Tier West will contact the borrower to determine the borrower's employment status for use in WRC's annual reporting process.

### **Delinquency, Non-Compliance, Default, and Foreclosure**

WRC's policy is that once loans become 60 days in arrears (or otherwise non-compliant), WRC will send a letter asking the borrower to come current (or otherwise into compliance). Normally, after 90 days of arrears (or other non-compliance), WRC will send a second such letter, indicating that if the borrower hasn't come current (or into compliance) within another 30 days (120 days total arrears/non-compliance), then WRC will declare the loan in default and begin foreclosure proceedings. The sponsor is responsible for using its attorney on WRC's behalf to move through the default and foreclosure process. Attorney costs are recoverable from foreclosure receipts.