FRONTIER LOAN FUND GUIDELINES

FRANKLIN COUNTY
ECONOMIC DEVELOPMENT CORP.

FRONTIER LOAN FUND: GUIDELINES
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1. INTRODUCTION

The Franklin County Economic Development Corporation (the "FCEDC") was formed, as stated in its charter, for the "exclusively charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding Franklin County by attracting new industry to Franklin County, to encourage the development of, or retention of, an industry in Franklin County, and for the stimulation of the economic growth of the County."

To fulfill this mission and support the economic development goals of FCEDC established a revolving loan fund program ("Fund") on May 5, 1989. The purpose of the fund is to enhance the financing resources available and fill gaps in funding that would slow or otherwise prevent private sector investment.

2. BACKGROUND

Due to the rural nature and infrastructure limitations in the region, Franklin County has struggled to be competitive and attract investment. Traditional economic development methods and resources have not aligned with or been successful at meeting the financing needs of the types of businesses and investment likely to be encountered in our region. A majority of the area's industrial, commercial and service businesses are relatively small, locally-owned and typically lacking adequate capital. Due to their modest size, the seasonal nature of the area, limited market sizes and the burden of maintaining aging buildings and related infrastructure, they do not have the risk capital for expansion and development projects. Additionally, many of our business needs fall into categories where financial assistance is extremely limited and commercial lenders remain cautious or reluctant to lend, especially with new business ventures. With limited lending activity, our area does not enjoy the luxury of competition among lending institutions. Therefore, additional public-benefit financing resources are needed to bridge these gaps and support growth.

3. FUND GOALS AND PRIORITIES

The Fund will prioritize lending and favorable interest rates based on established local and regional goals. In 2015, a Comprehensive Economic Development Strategy was completed for Franklin County. Some key goals that have been identified include (with FCEDC strategies):

1. Improve the economic development climate and implementation capacity

- Align economic development resources to current needs applicable to Franklin County

2. Promote an entrepreneurial culture

- Increase support for new businesses, micro-entrepreneurs and ownership transitions

3. Support legacy industries in retention and expansion

- Provide a variety of financing resources that align with existing business needs

4. Enhance tourism opportunities throughout the County

- Provide support and resources for development of new and expanded tourism assets
- Provide support for amenities that improve the area's attractiveness as a destination and enhance the visitor experience

In addition to identified County level goals, regional goals and priorities will be considered, such as those of the North Country Regional Economic Development Council, local comprehensive plans, waterfront or downtown revitalization plans, economic development strategies, other adopted local goals, guidelines, and areas of particular concern to a local community.

The FCEDC has identified additional organization goals (with FCEDC strategies) including:

1. Support Downtown Revitalization

Downtowns and main streets are the cultural, economic and civic centers for our communities and continue to be hubs for entrepreneurial activity. Our downtowns are the places that provide the affordable and available spaces to lease, highest traffic counts, existing infrastructure, proximity to residential neighborhoods, and visibility that businesses, especially new businesses, need to start up and thrive. Our downtowns and main streets are home to the most financially productive properties in our communities and reinvestment in these places supports both businesses and local governments.

- Increase resources for improvement of buildings and community areas to help restore, enliven and enhance downtown areas
- Support mixed-use development, especially projects that encourage residence and activity in downtown areas and amenities that are less dependent on vehicular access (walkable, bikeable, etc.)
- Support retail, tourism or service businesses currently operating in an existing location, or who will fill a vacant commercial storefront, or who will locate a new business in a downtown area

2. Reduce Community Blight

Blight isn't hard to define, but you know it when you see it. It is characterized by a sense that a community is run-down, with unattractive "curb-appeal" and vacant, decaying and underutilized buildings. Impacts of blight include reduced interest in investment, weakened community pride, and decreased benefits from tourism and local recreation and entertainment.

In addition to Downtown Revitalization Strategies above,

- Support acquisition and renovation of blighted buildings to return them to productive and appealing use
- Incentivize reuse and redevelopment of existing and underutilized structures
- Support façade and visibility enhancement programs that improve attractiveness

3. Encourage retail or service businesses, particularly tourism-based, that provide for a demonstrated need that is unmet or insufficiently available in the community

- Provide financing for projects that identify and address documented retail or service sector leakage and add access to products or services that are underrepresented or provide opportunities

4. Support value-added forestry, agriculture and food entrepreneurship businesses (i.e. a business that increases use of or improves on an agricultural or forestry product)

- Provide resources for new and expanded facilities that create new uses or improvements on agricultural raw materials
- Encourage food entrepreneurs, farmers and related businesses, especially those that promote access to healthy local food options

5. Support business transitions

- Provide financing for sale/purchase of business and employee transition transactions

Consideration will also be given to projects that:

- Covenant to hire at least 51% percent of low/moderate income persons for new jobs created or can demonstrate that more than 51% of the existing employees are from LMI households;
- Demonstrate a favorable jobs-created-to-capital ratio;
- Add needed elements to local economy that will facilitate future economic development;
- Contribute to the revitalization of distressed localities;
- Involve personally owned or family owned industries;

Anticipated impacts of this Fund include:

- Retained, new and expanded business opportunities;
- Improved amenities for residents, businesses, and visitors;
- Expansion and retention of entrepreneur, business, and workforce skills;
- Expansion of employment opportunities;
- Revitalization of properties, main street districts, and communities as a whole; and
- Improved quality of life in the region.

These anticipated impacts align with local and state economic development priorities set by the North Country Economic Development Council.

To maximize the economic and community benefits from a project, these funding priorities will be used to inform and determine financing decisions and may impact the rates, terms and amounts of loan commitments. In addition, the Fund will evaluate projects based on the nature and potential of the business or industry, ratio of loan fund dollars to community impact, spinoff benefits and tax revenues derived from a project, community need, environmental impact, local capacity, and project readiness.

4. FUND SCOPE

The Fund provides financial assistance for any profit or not-for-profit enterprise meeting these Guidelines, underwriting criteria, and any other criteria or considerations established by the Fund where one or more of the following could apply:

1. The principal business activity impacted by the Fund financing will be located in Franklin County;
2. The enterprise's project will result in a demonstrated substantial benefit to Franklin County;
3. The enterprise will covenant to employ at least 51% of its employees from Franklin County.

The Board (as defined below) reserves the right to determine whether an enterprise qualifies for this Fund for any reason(s) which represent a reasonable determination that the approval of the application would not meet the objectives of the program and/or would not represent an appropriate or prudent use of the program.

5. FUND ADMINISTRATION

The FCEDC Board ("Board") is the administrator of the Fund and makes final funding decisions. The Board will by resolution establish a Loan Committee (the "Committee") comprised of three (3) of its members to serve and act as the review committee for Fund applications and make recommendations for terms, conditions and approvals to the Board regarding such applications and/or loan management issues. The Board may also appoint additional non-voting advisors to the Committee to counsel and assist with review.

The CEO of the FCEDC may act as or appoint a Loan Coordinator ("Coordinator") who is designated to oversee the loan program, work with applicants, guide applications and provide consultation, initial review and information to the Board and Committee to facilitate approval decisions. The Coordinator will assist the Chair of the Committee with coordination of Committee meetings and tasks necessary for the Committee's function.

6. FUND USES

Eligible Uses of Funds	Term
Acquisition of Real Estate [1]Extended terms for loan years based on real estate as collateral may be approved, with specific contingencies. They are: A. If, the owner/primary borrower(s) are local and/or residing in the building; or B. If, proof of extensive renovation of property will take place; or C. If, at least one letter of commitment for lease of space is presented.	Standard of 10 years, up to 20 years max.[1]
Building Construction and Rehabilitation	Standard of 10 years, up to 20 years max.[1]
Furniture, Fixtures, Equipment (FFE) and Machinery (M) acquisition and rehabilitation [2]Extended terms for loan years based on FFE&M as collateral may be approved, with specific contingencies and consistent with the useful life of the assets being financed, such useful life periods being consistent with standard commercial lending policies.	Standard of 7 years, 10 year max.[2]
Working Capital and Inventory For eligible companies that can demonstrate the necessity and unavailability of such funding from other sources, and which can provide adequate security for the loan.	Up to 5 years max.

7. FUND PARAMETERS

A. LOAN AMOUNTS

The Fund does not establish a policy regarding the maximum amount of loan assistance available. However, the Fund will, from time to time, at its discretion, establish maximum amounts of assistance based on the total amount of funds available and the demand for such funds. The general Fund guidelines are to lend up to forty-five percent (45%) of a project's cost, or up to $250,000, whichever is less. The Fund reserves the right to contribute more or less than the project maximum as circumstances dictate, but assistance must be no greater than the minimum amount necessary to achieve stated business purposes.

B. EQUITY PARTNERSHIP

A minimum of ten percent (10%) equity is used as a guideline when reviewing sources of funds. Exceptions may be made at the discretion of the Committee, including subordinately secured loans when partnering with another lending agency. This minimum will be calculated based on the project's FCEDC funding amount, not off the total project's projected costs.

C. SUBORDINATION

As this fund exists primarily to fill gaps in funding, it is required that applicants will have sought and utilized, or found reasonable traditional financing options to be insufficient, prior to applying to the Fund. Applicants must therefore demonstrate that all other private and public sources of debt and equity have either been maximized or are inappropriate, unaffordable, or otherwise unavailable. Applicants are encouraged to explore financing resources available through regional economic development agencies.

In most cases, the Fund may allow a subordination or co-position of Fund debt and collateral to other lenders where necessary to facilitate the maximum financial participation of other financing sources. The standing of the Fund's financing relative to other public or quasi-public lenders will be negotiated on a case-by-case basis. The Fund will generally require a subordination to Fund financing of notes payable to any officer, owner, or similarly affiliated party to the borrower where such subordination is appropriate and feasible. The Fund will generally require the execution of intercreditor agreements in instances where multiple lenders exist. The use and form of such agreements shall be the subject to the approval of the FCEDC's attorney or corporate counsel.

D. INTEREST RATE

The interest rate on all Fund loans will vary based on the merit of the applicant, the project and the impacts identified. The starting rate considered will be the Wall Street Journal Prime Rate (Prime) plus 1%. In no event will the interest rate exceed 16%. Interest rates will be determined at the time of the loan closing and will be fixed and shall not vary during the term of the loan unless a loan modification is approved.

Interest Rate Adjustments

Adjustments to the interest rate may include increases due to high risk or reductions if projects strongly align with the priorities and goals indicated. Adjustments to the interest rate may be considered at the sole discretion of the Board, based on the following examples:

Potential Reductions (up to −0.25% for each)
Positive Downtown Impact
Blight Reduction
Tourism Impact or Support
Community Impact or Other Priority
Expansion or Preservation of Businesses that Provide Under-represented Products or Services
Increased use or value-add to an underutilized local resource (forest and dairy products, local foods, etc.)
Potential Increases (rate impact may vary)
Low Equity-to-Financed Value
Credit-Worthiness Concerns
Project Timelines
Collateral Quality
Total Amount of LDC Loan Leverage to Applicants
Traditionally High-Risk Industries (i.e. restaurants, etc.)
Interest-Only Payment Arrangements

E. REPAYMENT TERMS

Repayment terms may involve standard forms of loan amortization schedules with balloon payments of principal, and/or such other terms as the Fund may determine to be appropriate.

F. DEFERMENTS

Start-ups and new acquisitions may obtain up to 3 months of deferred loan payments provided there is sufficient confidence in projections with adequate back-up on how projections were established.

G. INTEREST-ONLY PAYMENTS

Interest-only payment (IOP) arrangements may be considered in situations where reduced payments may provide more cash flow at the beginning of a project where key to business success or when seasonal fluctuations affect ability to pay. Terms will be negotiated based on particular projects. Projects requiring IOP may be subject to higher interest rates. Generally, the IOP period will be factored into a standard loan amortization over the term of the loan, with higher principal payment amounts after the IOP term. However, balloon principal payment arrangements may be considered at the end of the interest-only period. In general, the Fund will consider a period of interest-only payments up to the following terms:

Seasonal businesses	Up to 8 months of IOP each year during the off-season, for up to 3 years
Start-up businesses	Up to 12 months of IOP for first year of operation
Business expansion	Up to 24 months of IOP for first two years of project

H. PERIODIC INTEREST RATE REVIEW

In instances where the Fund may establish a revised interest rate pursuant to its rights as a FCEDC, the Committee shall be responsible for reviewing appropriate information regarding the status of the credit and providing a recommendation to the Board based upon such factors as the analysis of risk, the borrower's history of compliance with the loan terms, conditions, and covenants, and prevailing commercial lending rates. The Board shall be responsible for establishing the revised rate.

I. LOAN MODIFICATION

Loan modifications are allowable under the Fund, however, requests by the borrower for adjustment of any of the terms and conditions of the loan will be reviewed to determine whether the adjustment is in the best interests of the FCEDC.

Requests for the following will be presented to the Committee for review and recommendation to the Board for action:

1. Requests to adjust the interest rate or term of a loan that will not lower the total interest and principal payments made by the borrower to the FCEDC
2. Requests to adjust the interest rate, term of the loan, or security for the loan that will decrease the total interest and principal payments made by the borrower to the FCEDC
3. Requests to accrue interest, defer principal payments, or otherwise temporarily modify the repayment schedule

Requests for changes respecting any covenants or conditions of a financial nature must be approved by the Board as to content and the FCEDC's attorney as to form.

Requests for any other changes to the covenants or conditions of the loan including, but not limited to such areas as reporting requirements, cost documentation, and maintenance of records may be approved by the Board.

J. DEVIATION FROM LOAN TERMS

Deviation from loan terms, including minimum loan amount, is allowable on a case by case basis only with a recommendation from the Committee to the Board, which must approve the deviation with a simple majority vote. Reasons for a deviation from the loan terms must still remain within the overall goals of the Fund, and only be done to enhance the capability of the Fund in meeting a compelling need.

K. PREPAYMENT

There is no penalty for prepayment of loans.

8. FUND CONSIDERATIONS

The factors below will be considered when determining whether to process and approve a loan:

A. ABILITY TO REPAY

Loans will be approved by the Fund only after a determination has been made of the feasibility of the project, the attainability of the financial projections, and the acceptability of the supporting documentation and financial statements. The Fund uses a minimum of a ten percent (10%) equity contribution for a given project. In-kind labor, materials, and/or services (but not real property) may satisfy this private equity contribution.

B. COLLATERAL SECURITY

The FCEDC shall seek reasonable and sufficient security for loans it makes. The FCEDC will determine the required security for each loan on a case-by-case basis taking into consideration as the Committee deems appropriate factors such as the risk of default, the nature and value of the security, and the position of the Fund in relation to other lenders. The FCEDC may for any reason deny access to funds based on its sole determination of the risks involved and the sufficiency of the security available. Collateral requirements, including general intangibles, will be based on the merit of each request and will vary for each loan. It is the preference of the FCEDC to obtain a first mortgage on property, However, in cases where warranted, the FCEDC will take a subordinate or co-position on collateral.

Additional examples of appropriate collateral include liens on FFE, machinery, an assignment of accounts receivable, raw material and finished goods inventories, and/or other fixed assets, as well as the acquisition of hazard and other forms of insurance. Other additional securities may be identified by the Committee to ensure that all Fund loans are well collateralized.

In determining the appropriate security, the following will apply:

1. The FCEDC will generally require a security interest in all assets financed by the Fund. Other assets of the borrower may be required as additional security at the FCEDC's option.
2. For loans to corporations, partnerships or limited liability companies, the FCEDC will require the personal guarantee of all owners of at least 20% of the voting stock or partnership interest of the company. The personal guarantee of other shareholders, officers, principals, or partners may also be required at the FCEDC's discretion.
3. For loans to closely-held corporations, the FCEDC may require as additional security selected personal assets of one or more of the owners, and/or security interests in assets of other business entities of one or more of such owners.
4. For loans to individuals, partnerships, or corporations, which have affiliated interests and/or identities of ownership with other business entities, the FCEDC may require additional guarantees, and/or security interests in assets of other business entities of one or more of such owners.
5. For loans to businesses which have a dependence upon specific individuals for their continuing viability, the FCEDC may require an assignment of insurance on the lives those persons.
6. In addition to any other security interest the FCEDC may require letters of credit to be held as security for Fund loans.

C. COMMITMENTS FOR OTHER COMPONENTS OF THE FINANCING PACKAGE

The FCEDC will approve applications only when the required commitments from other necessary financing parties have been secured. Applications that do not provide evidence of such commitments will be reviewed with any approval contingent upon such commitments being forthcoming.

D. CREDIT CHECK

The LDC uses a third-party agency for underwriting. The agency will assess creditworthiness and make recommendations to the Committee. The primary Applicant(s) must have adequate credit worthiness of 620 or higher. Noted delinquencies and charge-off's may contribute to the Committee's recommendations, per their discretion. Note a personal FICO score or Vantage score may be different than our agency's credit report algorithm. A copy of the Applicant's credit report will be supplied to the primary applicant if requested in writing within 30 days of a funding decision.

9. APPLICATION PROCEDURE

A. INITIAL CONSULT

Prospective applicants should contact FCEDC staff and discuss the project design prior to submitting an application. The Fund Coordinator will discuss the project and provide guidance on options and the best approach. The Coordinator will guide the application process with the Committee and an approval decision by the Board, if recommended.

B. APPLICATION ASSISTANCE

Assistance and advisement with preparing a business plan and components of the application is available through the SUNY Canton Small Business Development Center and the Adirondack Economic Development Corporation (AEDC) at no cost. Applicants are strongly encouraged to meet with advisors prior to submitting an application.

C. COMPLETE APPLICATION

Submitted applications must be complete and include ALL documentation and exhibits listed in the application. The speed of the approval process will be highly dependent on the completeness and thoroughness of an application.

D. APPLICATION REVIEW

Following completion of the application, the Coordinator will review the application for completeness and to ensure it meets the Fund guidelines. If the Coordinator finds gaps, applicants will be asked to provide sufficient documentation, which will delay consideration.

Once complete, the Coordinator will send the application to the underwriting agency, who will prepare and provide a report. The Coordinator will review the underwriting report. The Coordinator will then send the underwriting report and any comments to the Committee to review for recommendation.

E. LOAN COMMITTEE REVIEW AND RECOMMENDATION

The Coordinator will prepare a recommendation form for the project and work with the Committee Chair to schedule a Committee meeting for formal review of the application. The Committee will use the loan guidelines, goals and priorities, and fund considerations to evaluate the parameters, suitability, merit and risk of the loan. The Committee will also consider the broader impacts of the project and value of the project to the community. The Committee will use these considerations to determine recommendations for loan amount, interest rate and any other conditions. The Coordinator will complete the loan recommendation form and provide to the Board for review.

F. BOARD REVIEW AND APPROVAL

In a subsequent Board meeting, the Committee Chair and Coordinator will inform the Board and guide the approval discussion. The Board has final approval decision authority on all loans.

G. DISAPPROVAL

Loan applications may be disapproved by the Board for any reason(s) which represent a reasonable determination that the approval of the program application would not meet the objectives of the program and/or would not represent an appropriate or prudent use of program funds including a lack of application completeness or a failure to meet the eligibility or priority criteria of these Guidelines. In such instances, the applicant will be notified in writing of the reason(s) for disapproval.

H. COMMITMENT LETTER

A commitment letter shall be sent to the Applicant upon the approval of a Fund loan which will include, at a minimum, the following information:

1. The amount of the loan approved, the applicable interest rate, the term of the loan, the terms of repayment, and the expiration date of the commitment
2. The required use of the loan funds
3. The Fund's requirements for collateral and additional security – including guarantees, pledges of assets, assignment of life insurance, etc.
4. Summary information regarding employment requirements.
5. Any other conditions of lending
6. A listing and explanation of any fees, including the commitment fee and other closing costs
7. A listing of those conditions and requirements of the borrower which must be fulfilled precedent to a loan closing
8. Any other information which could reasonably be expected to influence the Applicant's decision to accept the terms of the loan commitment

I. CLOSING

Following commitment, the Agency’s attorney will coordinate document preparation and closing with the borrower, borrower’s attorney, and/or other partnering funding agencies. When loans are contingent on approvals from other lending agencies and where the Fund has a co-position, closings will be scheduled concurrently when possible. Where other debt or equity financing is to be used in conjunction with Fund financing, such debt or equity must, in the opinion of the FCEDC, be unconditionally committed for such use. Evidence of the commitment(s) and of the satisfaction or waiver of all contingencies thereof must be submitted by the borrower to the FCEDC prior to closing.

The FCEDC's attorney shall have the responsibility to prepare and/or require the preparation of all appropriate and necessary closing documents. The FCEDC's attorney shall determine the appropriate closing documents to be executed based upon the terms and conditions of the loan approval, standard commercial lending policies, and HUD requirements. Such documents shall generally include, but are not limited to, the following:

1. A loan agreement which includes a description of the loan terms and security, appropriate representations and warranties, the conditions of lending, affirmative and negative covenants, including but no limited to compliance with applicable federal laws and regulations, requirements regarding employment creation and reporting, default provisions, and any other provisions which may be appropriate.
2. A note or notes to evidence the indebtedness and the terms of repayment.
3. The appropriate documents to evidence and record mortgages, liens, guarantees, and such other security as may be required by the terms of the loan.
4. Other appropriate documents as determined by the FCEDC's attorney.

The FCEDC's attorney will be responsible for perfecting all of the FCEDC's security interests including, where appropriate, the execution of security agreements, the filing of financing statements, the execution and filing of mortgage documents, the execution of guarantees, and any other appropriate actions to adequately protect the FCEDC's security interests.

All fees and expenses incurred in connection with the perfecting of the FCEDC's security interests and all closing costs incurred by the FCEDC, including the fees and expenses of the FCEDC's attorney shall be paid by the borrower. Intercreditor agreements will be executed where appropriate to further protect the FCEDC's interests and to facilitate the processing of defaults and foreclosures.

10. LOAN SERVICING AND MONITORING

A. DISBURSEMENTS

The FCEDC will, at its discretion, determine an appropriate disbursement/draw schedule, taking into consideration such factors as the magnitude of risk assumed by the FCEDC, the nature of the activities being financed, and the draw schedule for the other financing. In general, disbursements will occur as soon as is reasonable following closing. If circumstances warrant or funding is linked to specific contingencies, the Fund may disburse funds in installments at the discretion of the Committee. The manner and terms of the disbursement of the Fund financing will be included in the approval of the financing by the FCEDC Board.

B. PAYMENT SCHEDULE

The Fund will receive all monies due from applicants under the Fund on a monthly schedule. Specific payment due dates will be negotiated with applicants, if needed.

C. AUTOMATED PAYMENTS

Automated payment arrangements will be required for all loan payments.

D. FINANCIAL REPORTS

The Fund will require annual financials to be submitted.

11. DELINQUENCY AND DEFAULT

A. LATE FEES

A late fee of five percent (5%) of the payment amount will be charged if the payment is received more than fifteen (15) days past the due date.

B. DELINQUENCY

Borrower understands that a default of its obligations under this Agreement that is not cured after the expiration of all applicable notice and cure periods, if any, shall be an Event of Default under the Loan Agreement, and that in addition to any remedies specified in this Agreement, the FCEDC shall be entitled to pursue any and all enforcement remedies and exercise all of its rights and remedies under the Loan Agreement and other Loan Documents.

Failure to make a delinquent monthly payment for more than thirty (30) days after the due date shall constitute a default and entitle the FCEDC to engage in any such enforcement action as the FCEDC deems necessary or appropriate, in the FCEDC’s sole and absolute discretion. The FCEDC's acceptance of any payments, other than payment in full of the delinquent amount plus the late fee, within thirty (30) days or less of the due date thereof, shall not constitute a waiver of any of the FCEDC’s rights nor a cure of the default.

In the event of a default or if the borrower passes two months in arrears, the Fund may assign the delinquent account to a collection entity and report to credit agencies. The borrower will be responsible for any costs associated with such an assignment. In addition, the following steps may be taken:

1. The Coordinator may attempt to contact the borrower to assess the situation and available options;
2. Borrower may be asked to attend the next scheduled FCEDC Board meeting and be given an opportunity to discuss their situation and request modification, if appropriate;
3. Monthly late payment notices may also be sent to any guarantor on the loan;
4. Any lenders with senior, subordinate or co-positions may be notified;
5. The borrower may be required to sign a confession of judgment.

C. REMEDIES

Upon a default, and at any time thereafter, the FCEDC may, in addition to any other rights or remedies available to it pursuant to the documents signed at the time of closing on the loan, at law or in equity, take such action, without notice or demand (and borrower expressly waives any such notice or demand), that the FCEDC deems advisable to protect and enforce its rights against any relevant party and in and to any collateral it received to secure the loan, including declaring any obligations to be immediately due and payable, and the FCEDC may enforce or avail itself of any or all rights or remedies provided in the loan documents.

Remedies Cumulative

(a) During the continuance of any default by the borrower pursuant to the documents signed at the closing of the loan, all or any one or more of the rights, powers, privileges and other remedies available to the FCEDC against the borrower and any guarantor, may be exercised by the FCEDC at any time and from time to time, whether or not all or any of the obligations shall be declared due and payable, and whether or not the FCEDC shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the loan documents with respect to the collateral. The rights, powers and remedies of the FCEDC shall be cumulative and not exclusive of any other right, power or remedy which the FCEDC may have against any relevant party. The FCEDC's rights, powers and remedies may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the FCEDC may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the FCEDC permitted by law or contract.

(b) The FCEDC will not be required to resort to any specific property or other portion of the collateral given by the borrower for the satisfaction of the loan debt, in preference or priority to any other collateral, and the FCEDC may seek satisfaction out of all of the collateral, or any part thereof, in its absolute discretion in respect of the debt. During the continuance of an default by the borrower, the FCEDC shall have the right from time to time to partially foreclose any mortgage or the lien of any of the other collateral in any manner and for any amounts secured, then due and payable, as determined by the FCEDC in its sole discretion, including the following circumstances: (i) in the event borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, the FCEDC may foreclose one or more of mortgages or other collateral to recover such delinquent payments, or (ii) in the event the FCEDC elects to accelerate less than the entire outstanding principal balance due, the FCEDC may foreclose one or more of the mortgages or other collateral to recover so much of the principal balance of the loan as the FCEDC may accelerate and such other sums secured as the FCEDC may elect.

Notwithstanding one or more partial foreclosures, the collateral shall remain subject to the mortgages and the other collateral to secure payment of the sums secured, and not previously recovered.

12. PROJECT MONITORING

The Fund's staff may conduct periodic project inspections or request reports to monitor project progress toward meeting any contingencies or commitments, as the Fund deems necessary. Applicants may be required to file reports detailing project expenditures, employment levels, repayment progress, etc., in a form designated by the Fund.

13. ADDITIONAL COSTS

A. APPLICATION FEE

Each application submitted must be accompanied by a non-refundable processing fee, the amount of which is determined by the Board. The current amount is $250. Applications are considered submitted when this fee is received.

B. COMMITMENT FEE

In consideration of the Fund's preservation of funds for approved loan applications, a commitment fee equal to the greater of $500 or one percent (1%) of the approved loan amount, will be charged to the loan applicant and applied to closing costs upon loan closing. Such fee shall be nonrefundable and shall become due and payable in whole or in part, at the discretion of the FCEDC, at the time of acceptance of the commitment by the applicant.

C. CLOSING COSTS

The Applicant will pay all direct, out-of-pocket fees (i.e., legal, appraisal, survey, and insurance fees related to an individual project), in addition to loan closing costs and any associated fees payable to the FCEDC's counsel. Such fees are eligible project costs when developing a Sources and Uses of Funds statement and can be rolled into the total financed amount.

14. EXCEPTIONS

A. EXCEPTIONS - ELIGIBILITY/PROGRAM STANDARDS

In operating the program, the FCEDC may deviate from the program scope sections of these Guidelines only where such deviation is determined by the Board to result in an extraordinary public benefit to Franklin County. The nature of the deviation and the nature and extent of public benefit to result must be stated in a resolution duly adopted by the Board.

B. EXCEPTIONS - GUIDELINES

Any deviation to the Guidelines other than as stated in §14-A above must be approved by a resolution duly adopted by the Board stating the nature of the deviation and the reason(s) for its approval.