Hemlo Superior Loan Fund Policy

1. **STATEMENT OF PURPOSE**

The purpose of the Hemlo Superior Loan Fund policy is to set forth general guidelines for the loan review and approval process for the Manitouwadge Economic Development Corporation (MEDC), in partnership with Barrick Gold Inc. and in cooperation with the three municipalities of Manitouwadge, Marathon and White River, to administer a loan fund, herein after referred to as the Hemlo Superior Loan Fund. This policy is intended to provide a framework for consistent and quality lending decisions.

1. **OBJECTIVES**

The objective is to provide loans to existing small and start-up businesses who will have storefront operations in one of the three municipalities of Marathon, Manitouwadge and White River, located along the north shore of Lake Superior.

1. **LOAN CRITERIA**

The loan is intended to provide financial support to small businesses (generally regarded as a storefront business with annual revenues lower than $1M however other applicants will be considered). The existing or new start-up business would need to apply for the funds through an application submitted to the Township of Manitouwadge, Economic Development Office (the loan administrator). Loans will be evaluated on a case by case basis. All factors will be taken into consideration. The loan decision will be made depending on the characteristics of each individual application.

1. **LOAN STRUCTURE**

Loan Size: Loans generally will range from $10,000 to $25,000. Exceptions to these amounts can be considered by the Loan Application Advisory Committee.

Pricing: The rate guidelines will be 1.5%. Rates will be fixed for the term of the loan.

Terms and Maturity: The standard maturity will be between 12 or 36 months; however, the amortization will be designed to meet the needs of the borrower’s cashflow. Ideally, proponents identifying a repayment period of less than 24 months will be viewed favourably.

Approval: Underwritten applications will be reviewed by the Loan Application Advisory Committee with a recommendation to the Township of Manitouwadge, Economic Development Office (MEDO) to be forwarded to the Manitouwadge Economic Development Corporation (MEDC) who will have final approval as they are the lender of record.

1. **DISPOSITION OF FUNDS**

Disbursement: Loans will be disbursed only after all documentation is complete and all loan forms have been signed by all parties.

1. **LOAN SERVICING PROCEDURES**

Recommended method of loan payments is by cheque from the borrower’s account payable to the Manitouwadge Economic Development Corporation. All funds received through loan servicing and repayments are deposited into an interest-bearing account to be used for ongoing loans for existing and start-up businesses.

The Township of Manitouwadge will post follow up notes on the software system when the loan is booked for tracking as needed for loan expiration dates, loan maturity and financials.

The MEDC will provide monthly financial statements to the Township of Manitouwadge ensuring all loans are current. Delinquent and defaulted loans are reviewed weekly by the loan administrator. When immediate action is necessary to protect fund assets, phone calls will be made once the borrower is 10 days late. Late fees can be assessed monthly for as long as the loan is delinquent.

Meetings with the delinquent borrowers will be arranged by the loan administrator and scheduled on an as-needed basis. If a borrower is delinquent more than 90 days, delinquent and defaulted accounts may be subject to collection options which include, but are not limited to, the use of a collection agency, small claims court, or the use of a Sheriff.  All costs associated with these methods are the responsibility of the delinquent borrower.

1. **REPORTING**

The loan administrator will report on a quarterly basis a summary of all loan activity to the Loan Application Advisory Committee. These reports will include, approvals, declinations, delinquencies, geographic concentration, loans outstanding and fund balance.