

VI. LOAN DEVELOPMENT PROCEDURES

1. Eligibility:

Typically, applicants must be majority owners of a Florida small business which has suffered verifiable physical injury due to the catastrophe. Loans will be made to **individuals** who, singularly or collectively, are at least 51% owners of the business. Each individual may participate in only one bridge loan, and only one loan may be made per business. Eligibility for the Program is fully defined at the Website at:

http://www.floridadisasterloan.org/eligibility_and_loan_process.html

2. Applications:

- a. Applications are distributed either by Local Agents, or via download from the Website. A Local Agent representative should in all cases review the loan program and the completed application with each potential applicant at the time the application is accepted.
- b. Applicants are to bring their completed applications and all required documentation, in person, to a participating Local Agent.
- c. Local Agents will review the application with the applicant, verifying the applicant's identity at that time (e.g., via driver's license), and assuring that the application form and accompanying information, including documentation of loss and compensation paid to employees are sufficiently complete for consideration by the Loan Review Committee.
- d. Obtaining and submitting additional information needed to assist the Loan Review Committee in making its decision is strongly encouraged. Applicants must be advised that additional information will be required - e.g. copies of business and/or personal tax returns; copies of business

license and other pertinent operating licenses; proof of application for other disaster assistance relief programs such as claim numbers or copies of applications, etc.

e. The application will be maintained in a file folder (preferably legal sized manila) along with all supporting documentation.

3. Loan Processing:

The receiving Local Agency is responsible for further processing of completed applications before they are presented to a Loan Review Committee. **This generally will involve obtaining and reviewing credit reports as needed on the applicant and business partners, co-signers, et al; contacting business references, and other activities as appropriate. This will all be undertaken at no cost to the applicant.**

VII. FILE TRACKING

For the purposes of assisting with tracking application files, a numbering system will be used to identify in which county the applicant resides; the participating Local Agency, as well as the participating Agent at that Agency as shown in the following example.

Number of Appropriate County (choose from attached list provided):

County Name - 01

County Name - 26

Participating Local Agencies:

Agency A - 01

Agency B - 02

Participating Agency officers/branches:

Agent//Branch A: 01

Agent/Branch B: 02

Application Numbers - each Agency officer will assign a number in sequence, beginning with 001 to the applications she or he receives and accepts.

Example: Application Number 50-02-01-005 would be an application from a business located in Palm Beach County and accepted by/at Agent/Branch A, of Agency B, and is the fifth loan application accepted by that Agent and branch.

**COUNTY LISTING BY ASSIGNED PROGRAM
NUMBER*****

- 01 - ALACHUA
- 02 - BAKER
- 03 - BAY
- 04 – BRADFORD
- 05 – BREVARD
- 06 – BROWARD
- 07 - CALHOUN
- 08 - CHARLOTTE
- 09 - CITRUS
- 10 - CLAY
- 11 - COLLIER
- 12 – COLUMBIA
- 13 - DeSOTO
- 14 - DIXIE
- 15 - DUVAL
- 16 – ESCAMBIA
- 17 - FLAGLER
- 18 – FRANKLIN
- 19 - GADSDEN
- 20 – GILCHRIST
- 21 - GLADES

22 - GULF
23 - HAMILTON
24 - HARDEE
25 - HENDRY
26 - HERNANDO
27 - HIGHLANDS
28 - HILLSBOROUGH
29 - HOLMES
30 - INDIAN RIVER
31 - JACKSON
32 - JEFFERSON
33 - LAFAYETTE
34 - LAKE
35 - LEE
36 - LEON
37 - LEVY
38 - LIBERTY
39 - MADISON
40 - MANATEE
41 - MARION
42 - MARTIN
43 - MIAMI-DADE
44 - MONROE
45 - NASSAU
46 - OKALOOSA
47 - OKEECHOBEE
48 - ORANGE
49 - OSCEOLA
50 - PALM BEACH
51 - PASCO
52 - PINELLAS
53 - POLK
54 - PUTNAM
55 - SANTA ROSA
56 - SARASOTA
57 - SEMINOLE
58 - ST. JOHNS
59. - ST. LUCIE

- 60 - SUMTER
- 61 - SUWANNEE
- 62 - TAYLOR
- 63 – UNION
- 64 - VOLUSIA
- 65 - –WAKULLA
- 66 – WALTON
- 67 - WASHINGTON

[CHOICE OF COUNTIES WILL CHANGE WITH EACH DISASTER]

VIII. CREDIT CRITERIA

Loans under this Program may be made only for eligible businesses which were established prior to the disaster and remain viable (provided receipt of bridge loan assistance and other subsequent assistance applied for (e.g., federal disaster assistance and/or insurance proceeds) after the physical damage which is the basis for the loan. **Typically, the need for the loan and use of proceeds must be directly related to the physical damages caused by the disaster.** Reasonable assurance of repayment should be required for approved loans. As the loans are to individuals, and unsecured, individual credit scores should figure greatly in the decisions of Loan Review Committees.

Pursuant to the principles above, the following are provided as credit guidance for approval of Program applicants:

- 1) Credit score of 750 or above: Approval
- 2) Any credit score with no more than 1 (one) 30 day late payment (disregarding any derogatory notations involving indebtedness for medical treatment): Approval
- 3) Any other situation: Approvable depending on explanation of derogatory information to the satisfaction of the Loan Review Committee.

A low credit score may be more indicative of the borrower not using credit in the past and should not preempt loan approval as long as the credit history is clean.

The use of local Loan Review Committees is designed to permit the application of local knowledge of the character and circumstances of individual loan applicants and their businesses, and Committees are urged to obtain and use such information appropriately to ensure the best possible credit decision- making.

IX. LOAN REVIEW COMMITTEES AND COMMITTEE ACTIONS

Loan Review Committees are a critical component to the bridge loan application process, and as such below are detailed instructions regarding the composition and responsibilities of the committees. It is important to note that Federal Law prohibits any SBDC staff member from participating in any loan voting activities. As such, while there will, and should always be, a SBDC representative at each Loan Review Committee meeting, the representative will abstain from voting on any loan application. This will then require at least a minimum of six (6) committee members at all meetings.

Loan Review Committees and Committee Actions

- a. Loan Review Committees will be convened as required to act on all applications within one week or less of the completion of their processing by a participating Local Agency. Meeting scheduling, arrangements and coordination will be handled by the Administrator or an approved Agent of the Administrator.

- b. Loan Review Committees will consist of a representative of the Administrator or an approved Agent of the Administrator and a minimum of five voting individuals, as follows:
- (1) Three loan officers representing different participating local banks.
 - (2) A representative of an appropriate community organization.
 - (3) A staff member of the Local Agency, who shall serve as Loan Review Committee chair unless otherwise agreed by the Committee, and shall not vote on any of the loans presented.
 - (4) An additional representative from either a participating local bank or an appropriate community organization. This will provide for the five (5) required minimum committee members required in the event of (d) below.
- c. To the extent feasible, applications will be considered in the order received and accepted as complete.
- d. Each application will be presented to the Loan Review Committee by a Local Agent of the receiving Local Agency, who will not participate as a voting member of the Committee in making a decision on that application.
- e. Action on each application will be by motion of a member of the Committee, seconded by another member, and based on concurrence of a majority of the voting members of the Committee.
- f. Approval or denial of an application may be made conditional -- for example, on receipt of additional information from the applicant, or a requirement that the

loan be co-signed by a legally required party. If such conditional action is taken, it will generally be the responsibility of the presenting Local Agent to see to communication of the conditions to the applicant, and to perform any other activities required due to the conditions before closing.

- g. Results of final committee action will be communicated informally to the applicant, as appropriate, by a Local Agent. A letter to the applicant by the Administrator will also communicate decline decisions formally.
- h. At each loan review committee meeting, a Local Agent (preferably staff of the Local Agency) will be designated to take notes of facts presented, discussion, and action of the committee on each application.
- i. Subsequent to each loan committee meeting, the Local Agency will ensure performance of the following:
 - (1) Collection of the meeting notes and of all application files acted upon.
 - (2) Verification that each file is clearly marked with the name of the applicant and the date and action of the committee regarding the application.
 - (3) Preparation of a loan review committee meeting summary showing:
 - (a) The date, time and location of the meeting.
 - (b) The number of the meeting (of that Loan Review Committee) in sequence from the inception of the program.
 - (c) The names of those participating as members of the committee, and others participating in the

meeting. (e.g., Local Agents presenting applications, but not acting as members of the committee at any time during the meeting.)

(d) The name of applicant, loan number, amount requested, and action of the committee on each application acted upon at the meeting, including any conditions established.

(e) A summary showing the total number of applications considered, the number and total amount of loans approved, the number of applications declined, and the number of applications, if any, on which action was deferred.

- j. Preparation and transmittal of a letter to each applicant whose application was declined will be performed by the Administrator.
- k. Local Agents will contact all applicants whose applications they presented and which were acted upon by the Committee (whether approved, declined or deferred) to communicate results of committee action, and, in the case of applications that were approved, to establish a time and place for loan closing.

X. SUBMISSION OF LOAN PACKAGES TO ADMINISTRATOR

All approved or declined loan packages should be immediately transmitted by the Local Agency to the Administrator addressed to:

Lynn McDaniel
Florida First Capital Finance Corporation
1351 North Gadsden Street
Tallahassee, FL 32303
850/681-3601

via overnight (priority) delivery using the Administrator's Federal Express account # 1357-3357-1 (clearly indicate the package is for Bridge Loan Applications in the "reference" field). The following documents must accompany the loan packages:

1. Loan Committee Meeting Sheets for each committee meeting.
2. Bridge Loan Participation sign in sheets for each meeting

Packages will generally be processed by the Administrator (and loan checks and corresponding loan closing packages for approved loans will be shipped to the submitting Local Agency) the same day received. Transmission of loan closing packages and accompanying loan checks will be via overnight delivery to the Local Agency unless otherwise requested.

In the event delivery is to someone other than the Local Agency be sure to ***clearly*** indicate this in your application package and provide ***clear*** shipping instructions.

XI. CLOSING A BRIDGE LOAN

1. Closing Documents: Closing documents are produced by the Administrator from approved packages received, and will include:
 - a. Promissory Note
 - b. Business Purpose Statement
 - c. Loan Settlement Statement
 - d. Assignment of Proceeds from other Sources
 - e. Closing Checklist
 - f. Payment Coupon

2. Scheduling and Conduct of Closings:
 - a. The Administrator will transmit closing documents and checks to the submitting Local Agencies for closing.
 - b. Closings will, in every case, be conducted by an experienced Local Agent, preferably the one who was involved in accepting or processing the application or staff of the Local Agency with appropriate experience.
 - c. Closings will be scheduled at times and places reasonably convenient to both the applicant and the closing Local Agent. Those scheduling closings need to be aware of any requirements for co-signature of loans and arrange for co-signers to also be present.
 - d. At the time and place of closing, the closing Local Agent will verify the identity of the applicant and any

cosigner(s), review the terms of the loan with the applicant, and proceed with closing -- completing the loan closing checklist (prepared by Administrator and included in the closing package), and providing the applicant with the check prepared by the Administrator and copies of closing documents as indicated on the checklist. This may include obtaining from the applicant or cosigner additional materials or agreements relating to conditions that may have been established by the loan review committee, e.g., a copy of a current occupational license.

- e. Following closing, the closing Local Agent will forward the **original, executed closing documents** and copies of related materials to the Administrator for the master file.

XII. THE ROLE OF THE ADMINISTRATOR

The Administrator will maintain a supportive role in the entire bridge loan process, by providing the assistance as needed to Local Agencies and Loan Review Committees on a daily basis. Some of the critical services that will be provided are:

1. Maintenance of the bridge loan website:
www.floridadisasterloan.org
2. Immediate processing of applications upon receipt - both approvals and declines - typically the same day the package is received by Administrator.
3. Availability to pull credit reports on bridge loan applicants in those instances where a Local Agent is unable to do so.

4. Provide experienced bridge loan staff to answer questions from Local Agents regarding program and processing questions as they arise.