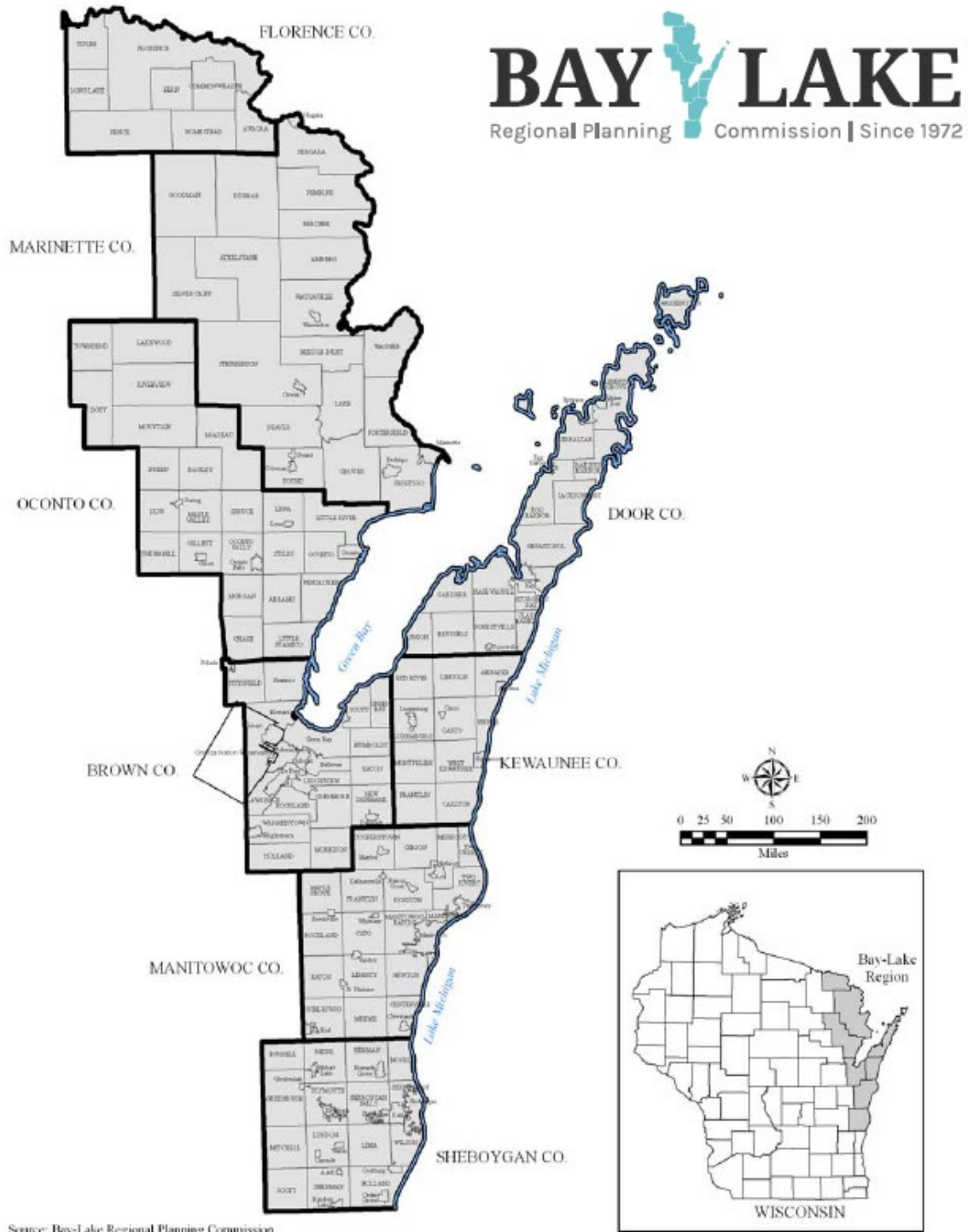


Disaster Recovery Microloan (DRM) Program



PROGRAM GOAL

The goal of the Disaster Recovery Microloan (DRM) program is to provide short-term assistance to businesses affected by disaster events in the state of Wisconsin.

PROGRAM DESCRIPTION

In 2018, BLRPC was notified by WEDC that it is eligible to be a pre-approved regional entity for the DRM program and a program agreement (Appendix A) was developed and signed by WEDC and BLRPC. The program was developed by, and is funded through, the Wisconsin Economic Development Corporation (WEDC).

Within 30 days following a natural or man-made disaster event, which may or may not include a corresponding State of Emergency or Disaster Declaration, BLRPC will request an allocation of funding from WEDC to make microloans in the BLRPC region. WEDC will review the documented funding request.

Eligible Activities:

Disaster Recovery Microloan funds may be used for the following activities:

- Procurement of cleanup and restoration services
- Operating expenses such as payroll (note: taxes, fines and fees are not eligible)
- Rent/mortgage for temporary space
- Repair and reconstruction (eligible use could include architecture & engineering costs, equipment/furniture/fixtures)

Eligible Microloan Recipients:

The Disaster Recovery Microloan program funds are available to businesses meeting all of the following criteria:

- Must be located in or directly adjacent to the BLRPC region. (note: in a community that is split amongst two regions, the side with the most damage would determine the lead region for the disaster recovery microloan).
- Must have suffered measurable physical or economic losses because of the disaster event.
- Must attest to intent to resume business operations in the community as quickly as possible.
- Business and borrower(s) must be in compliance with, and current under, the terms and conditions of any loan, loan guarantee, lease, or other financing arrangement with any other creditor.
- Must be registered with the Department of Financial Institutions (DFI), unless operating as Sole Proprietorship.

- Must be current on all taxes (personal and business).
- Must not be listed by the WI Department of Workforce Development as a debarred contractor.
- Must not be listed by the WI Department of Administration as an ineligible vendor.
- Must not be on the WI Department of Corrections sex offender registry. If listed, the business owner shall be in compliance with reintegration requirements.

Ineligible Businesses

The following businesses are ineligible for DRM microloan funding:

- Payday loan and title companies
- Telemarketing other than inbound call centers
- Pawn shops
- Liquor stores
- Adult entertainment venues
- Home-based businesses
- Farms

Loan Terms and Conditions:

<u>Loan Size</u>	Up to \$15,000
<u>Loan Terms</u>	24 months
<u>Interest Rate</u>	0.0%
<u>Prepayment Penalty</u>	None
<u>Collateral</u>	Collateral is required and will take the form of a security interest in a business asset(s).
<u>Guarantees</u>	Unlimited, unconditional personal guarantees are required from any person with a 20% or greater ownership interest in the business.
<u>Payment Deferral</u>	Payment deferral for six months; loan payments to be made over the remaining 18 months following the deferral period.

Application

Applicants will complete and submit the application to the BLRPC.

BLRPC staff will check the request for eligibility and completeness. Once complete, BLRPC staff will request personal credit bureau reports and begin a background check of the applicant(s).

Review/Approval

A designated BLRPC Committee will serve as the loan committee for the Disaster Recovery Microloan program. BLRPC staff, upon notification of a complete application, will schedule a meeting of the BLRPC Committee, to review the request; the application and supporting documentation will be provided to the Committee for review and approval. BLRPC will conduct basic financial underwriting prior to approving loans to ensure the recipient is eligible and can repay the proposed loan.

If the loan is approved by the BLRPC Committee, BLRPC staff will communicate with the borrower and issue a commitment letter outlining the terms and conditions of the loan.

Loan Closing

If the applicant accepts the commitment, BLRPC staff will prepare the loan closing documents and a loan closing date will be scheduled. At loan closing, BLRPC staff will distribute funds to the borrower, obtain necessary signatures for guarantees; and communicate the schedule for repayment; all repayments will be taken via automatic clearinghouse (automatically). Applicant is responsible for all closing costs.

BLRPC staff will distribute information for applicable people and resources to the borrowers at loan closing in order to ensure they are connected with additional response and recovery resources as they work to reestablish their business operations. In some cases, other partners may be invited to loan closing so the borrower can immediately meet with other partner(s).

Loan Servicing

The BLRPC staff shall service the loan according to standard loan servicing guidelines.

Underwriting Guidelines/Minimum Background Requirements

BLRPC will conduct basic financial underwriting prior to approving loans. Background checks will also be performed on all Microloan award applicants. The scope of the background checks must include, at a minimum, the following:

1. WI Department of Financial Institutions (WI DFI) Registration
2. WI Department of Revenue (WI DOR) Delinquent Taxpayers List
3. WI Debarred Contractors List (via WI Department of Transportation or other State Agency)
4. WI Department of Administration Ineligible Vendors Directory
5. Wisconsin State Corrections Sex Offender Registry

6. Wisconsin Circuit Court Access (CCAP)

Details on each item can be found in Attachment 2.