

**BATAVIA DEVELOPMENT CORPORATION (BDC)**  
**City of Batavia Revolving Loan Fund**  
**Lending Policy**

**Overview:**

The Batavia Development Corporation (BDC) has contracted with the City of Batavia to administer the City's small business lending program. The purpose of the Revolving Loan Fund is to foster creation of jobs in the City of Batavia and to assist in the expansion of start-up businesses. Loan payments are re-paid into the fund to provide capital for future business development.

**Target Businesses:**

Manufacturing, downtown or Ellicott St. area, food related including processing, class A office, niche restaurant, niche retail, printing, computer services, software development, gaming software development, unique boutique, textiles, health services (except for doctors and dentists).

**Eligibility:** Businesses that create or retain jobs in the City of Batavia are eligible to apply for loan funds. Please refer to the BDC Loan Application Pre-Screening Form to understand the criteria that the BDC board will use to score loan applications. Businesses must remain in the City of Batavia during re-payment of the loan to avoid default.

**Guidelines:**

1. Loan application and fee (\$50)
2. Bank participation may be required and is encouraged
3. Loan terms: up to five (5) years
4. No penalty for early payment
5. Minimum loan \$5,000
6. Maximum loan \$30,000
7. If real estate is being acquired the BDC Board of Directors may increase the loan amount on a case-by-case basis.
8. The BDC may allow businesses to request more than one BDC loan subsequent to a previous distribution.
9. Recipients that had a history of delinquent payments, may request another loan so long as the previous loan/grant account was not submitted to litigation for debt collection and/or the account was not settled for a lesser amount due.

**Interest Rate:**

1. Prime – 1% for targeted businesses with high credit score
2. Prime- targeted businesses with low credit score
3. Prime+1% for non-targeted businesses
4. Prime + 2% for non-targeted businesses and low credit score

**Collateral:**

The BDC will require collateral to secure the loan. Collateral requirements will be based on risk. For all applications, the BDC Board may use its discretion to recognize extenuating circumstances and may also add additional conditions per approval such as:

1. Enhanced collateral to secure the debt
- 2. Reduce the loan or grant award
- 3. Adjusted interest rate based on credit score or other pertinent factors

While the BDC loans have limitations, the BDC reserves the right to either bundle the programs or to make an offer that exceeds the current maximum amounts to enhance business and economic development in the City of Batavia.

Approved September 26, 2018

**Past Due Accounts:**

Monthly follow-up is expected with all delinquent accounts through phone calls, personal visits and/or written correspondence.

**90 Days Delinquent:**

Should an account become past due more than 90 days, the BDC may place the account with the collection agency of record.

**180 Days Delinquent:**

Should an account become past due more than six months/180 days, the BDC shall place the delinquent account with the collection agency of record.

**360 Days Delinquent:**

If the collection agency is unsuccessful in debt collection, the account will be turned over to a legal counsel of record to seek personal judgment and wage garnishment in order to recapture the debt owed. The accounts will no longer be reported on the "active loan" reports for the BDC and the legal counsel of record will issue status reports.

**Fees:** All fees associated with late payments, debt collection and legal action will be added to the balance of the loan debt.

**Settlement Offers:**

The BDC Executive Director may use their professional discretion in negotiating debt settlement offers.