



CITY OF MANITOWOC REVOLVING LOAN FUND PROGRAM

MANUAL OF POLICIES AND LOAN SERVICING PROCEDURES

ADOPTED BY CITY OF MANITOWOC ON JULY 19, 2021

I. GENERAL PROVISIONS

A. PURPOSE

The purpose of the City of Manitowoc Revolving Loan Fund Program (hereinafter referred to as the "Program") is to promote local economic development throughout the community but with an emphasis on the downtown. The program will encourage attraction and expansion of businesses, support job retention and growth, leverage private investment, maintain and promote a diverse mix of employment opportunities, and help to strengthen our entrepreneur friendly environment within the City of Manitowoc (hereinafter referred to as the "City").

The Community Development Authority of the City of Manitowoc (hereinafter referred to as the "CDA") is authorized to administer the Program and to provide loans on terms tailored to meet the needs of qualified borrowers for eligible projects. The guidelines provided in this manual are intended to be used in the general structuring of economic development projects. The CDA reserves the right to modify Program requirements it deems necessary in order to develop successful projects, and to accept or reject any application for project funding. Appropriate projects for financing under the Program must be utilized for eligible activities as defined herein. The CDA shall provide a quarterly report on activity and balances associated with the Program to the Finance Committee of the Common Council.

B. AMENDMENTS AND MODIFICATIONS

The CDA may, from time to time, amend the policies and procedures contained herein.

II. ELIGIBILITY CONSIDERATIONS

A. PROGRAM FUNDING

The Program has in part been funded by a grant from the USDA and in part from budgeted

funds from the City. The funds may be used for loans, equity participation, and necessary administrative expense.

B. ELIGIBLE AREA

The activity financed and its benefit must be within the City limits.

C. ELIGIBLE APPLICANTS

Eligible applicants shall be:

1. Owners or renters of commercial, industrial, service or mixed use properties or businesses in the City, who will locate or expand in the City creating the opportunity for new jobs and economic activity.
2. Businesses that will retain jobs that would otherwise move out of the City are also eligible.
3. Applicants must qualify as “small and emerging private business enterprises” defined as “any private business that will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues”.
4. At least 51% of the outstanding interest in the property or business must be owned by those who are either citizens of the United States or reside in the United States after being legally admitted for permanent residence.
5. Renters must provide evidence of the property owner's consent to improve the property, either in the form of an applicable lease covenant (term of the lease cannot be less than the term of the Program loan) indicating improvement of the structure is the responsibility of the renter, or a written statement declaring the property owner's agreement to the improvement.
6. Owners and renters must be in good standing with the City and Manitowoc Public Utilities on property taxes, personal property taxes, licenses, permits, and any other accounts. Good standing is defined as no balance owed or in current status on any payment plan.

D. INELIGIBLE APPLICANTS

Program loans shall not be available for speculative investment companies, real estate investment companies, lending institutions, gambling operations, non-public recreation facilities, and other businesses not serving the interests of the City. Applications by members of the loan committee or the CDA and their immediate family members are not eligible.

E. ELIGIBLE ACTIVITIES

Program funds may be used for the following projects:

1. Acquisition of land and buildings. Purchase of vacant land is eligible only if directly related to building improvements, new construction, or an addition to an existing building.
2. Construction, conversion, expansion, repairs of buildings and site improvements.
3. Purchase of machinery and equipment.
4. Working capital, inventory, and operating costs.

F. INELIGIBLE ACTIVITIES

Program funds shall not be used for the following items:

1. Debt refinancing except for construction financing.
2. Speculative activities.
3. Residential building construction or rehabilitation (unless such activity is part of a mixed use

- project or intended to convert a building to a business or industrial operation).
4. Production of agriculture projects through growing, cultivation, and harvesting either directly or through horizontally integrated livestock operations ~~expect~~except for commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects.

G. COLLATERAL

Collateral and securities shall consist of any available business, personal or other assets considered adequate and satisfactory to the CDA. The CDA may require personal guarantees and/or co-signors.

H. REPAYMENT

Based upon borrower's credit needs and ability to repay, the Program may provide for flexibility in loan repayment to include:

1. Delay first payment.
2. Monthly, level debt installments.
3. Deferrals of principal, or interest and principal repayments for a limited period of time.
4. Extended amortization schedule with balloon payment.

Payment of interest and/or principal may be deferred during the implementation period of the assisted activity if merited in the loan application. Interest shall accrue during the deferment period, and may be paid in full, or added to the principal amount of the loan. Following the deferral period, interest and principal shall be paid for the remaining term of the loan, unless the CDA and the business mutually agree upon alternative terms for repayment.

I. OTHER LENDING CRITERIA

The following items shall be used to help identify appropriate projects:

1. Loans to be made from the Program shall not exceed the level of available funding.
2. Typical loans shall not be less than \$5,000. Smaller loans may be approved on a case by case basis.
3. Applicants shall contribute at least 20% equity into the project.
4. Applicants shall comply with all applicable local, state and federal requirements.
5. Projects should be completed within 24 months from the date of the Program loan approval. Applicants shall provide the CDA with a project implementation schedule not exceeding 24 months for project completion.
6. The portfolio goal is the creation or retention of one full time job for each \$10,000 loaned from the Program.
7. Concurrence from the USDA if applicable.

III. TERMS AND CONDITIONS

A. LOANS

The CDA will provide long-term, fixed rate, reasonably priced financing, and be based upon need and ability to repay, according to the following guidelines:

1. Loan Amount: \$5,000 to \$50,000
2. Interest Rate: Typically range from 3-5% and will not typically exceed prime by 2%.
3. Repayment: Land, Buildings, and Improvements - Maximum of 15 years. Machinery

and Equipment - Maximum of 10 years. Working Capital - Maximum of 7 years.

4. There shall be no prepayment penalties.

4.5. Applicant shall cover applicable fees including but not limited to: appraisals, valuations, recording and filing fees.

IV. ADMINISTRATION

A. LOAN REVIEW COMMITTEE

The CDA shall establish a Loan Review Committee (hereinafter referred to as the “LRC”) which shall consist of no more than seven individual representatives having special expertise and knowledge of commercial lending and economic development processes. The LRC shall consist of City staff, an Alderperson representing the City on the CDA, and community members with appropriate expertise.

The LRC shall have the authority to review, select and recommend loan applications to the CDA for final approval. The LRC shall also have the authority to make policy and procedural recommendations for the administration of the Program.

B. PROGRAM ADMINISTRATION

The Community Development Director shall explain the Program to prospective applicants, provide written information, assist applicants in completing applications, and process requests for financing. The Community Development Director where necessary and appropriate, shall counsel or guide loan applicants to other more appropriate technical and financial resources when the loan applicant has needs beyond those available from the Program.

The Finance Director/Treasurer shall periodically review all financial statements and loan amortization schedules of Program loan recipients, review and approve documentation of business expenditures financed with Program proceeds, record or file Program security instruments, maintain the Program accounting records which shall be segregated from other community accounts.

The City Attorney shall oversee the preparation of all loan agreements, review all notes, mortgages and other security instruments, and shall oversee matters related to defaults and workout strategies.

The Finance Director/Treasurer shall be responsible for the maintenance of all records for the Program, particularly those related to the expenditure of Program monies for administration purposes.

C. MEETINGS

Loan review meetings shall be held on an as-needed basis. Pursuant to §19.84 Wis. Stats., all CDA members shall be given prior notice of each meeting. A majority of CDA members in attendance at a meeting constituting a quorum shall be required for official CDA action.

D. RECORDS

Written records of all Program activities, including Program meetings, loan applications, and related documents, shall be maintained in appropriate files. All files shall be maintained in a

secure place with limited access by authorized personnel. The City Attorney or other counsel shall be consulted in regard to compliance with local, state and federal open records requirements.

The following files shall be established and maintained for each loan recipient:

1. **Loan Application File:** All applications, business financial statements, personal financial statements, credit reports, business plan documents, and other supporting loan information submitted to the Community Development Director, including all applicable correspondence, shall be placed in a permanent file.
2. **Loan Recommendation File:** This file shall be maintained by Community Development and contain a summary of the analysis, recommended action for the application, and a copy of the minutes for the CDA meeting summarizing the action taken on the loan request.
3. **Loan Closing File:** This file contains copies of all loan closing documents, all Program legal documents from the loan closing, including security instruments, notes, amortization schedule, and other applicable correspondence. This file shall be placed in a locked, fireproof safe and maintained by the City Clerk.
4. **“Tickler” File:** A tickler file system shall be established and maintained by Community Development to ensure the loan repayments, financial information, loan agreement, UCC updates, and other time sensitive documentation requirements are tracked and obtained as required. The system should include the following monthly coded index files:
 - a. Expiration dates for insurance policies.
 - b. Due dates for all financial statements.
 - c. Expiration dates for UCC financing statements, the reminder to update being at least 45 days prior to the expiration of the UCC filing on hand.
 - d. Scheduled dates of annual loan performance and covenant review.
 - e. Dates for site visits.
 - f. Due dates for property tax payments.
 - g. Dates on which loan recipients will be notified of scheduled changes in the loan amortization schedule as per the loan agreement.
5. **Financial Statement File:** This file shall contain the business’ periodic financial statements as required by the loan agreement and be maintained by the Finance Department.
6. **Progress Report File:** This file shall contain periodic progress reports during the outstanding term of the loan and be maintained by the Finance Department.
7. **Site Visit File:** This file shall contain a summary of periodic site visits made during the outstanding term of the loan and be maintained by Community Development.
8. **Repayment Monitoring File:** This file shall contain the loan amortization schedule, information regarding the status and documentation of payments, and the outstanding balance of the loan. This file shall also contain observations regarding the frequency of late payments as well as other repayment concerns and be maintained by the Finance Department.
9. **Loan Review File:** All loans shall be reviewed on an annual basis, and at such other times as may be deemed necessary by the City staff. The review shall follow receipt of the fiscal yearend financial statements, yearend progress report and site visits. A report of the loan review shall be placed in this file and address timeliness of monthly payments, condition of collateral securing the loan and status of security documents, overall financial condition of the business, the presence of material liens or lawsuits, and violation of loan covenants and suggested corrective actions.

The Community Development Director and Finance Director/Treasurer shall work with the loan recipient to resolve problems and identify actions that are needed to correct the identified deficiencies, including possible restructuring of the loan to protect the Program’s interest and

meet the needs of the business. If the event the loan becomes problematic, the account may be turned over to the City Attorney or alternative counsel for legal action in order to initiate steps necessary to protect the loan, and to insure the maximum repayment of the balance due.

E. ADMINISTRATIVE COSTS

Reasonable administrative funds may be withdrawn from the Program to cover personnel costs and other administrative expenses. Local funds may be used in situations when loan repayments are insufficient to cover administrative costs. Administrative expenses of 15% of program income may be used for direct loan administrative costs at the discretion of City staff. In addition to paying costs for City employee time, these funds may be used for, but not limited to, the following:

1. Legal costs.
2. Consulting fees for credit analysis, business plan reviews and technical assistance.
3. Office supplies, copying, typing, mailing and related expenditures.
4. Training costs.
5. Compliance with local, state and federal requirements.

To generate additional revenue to cover administrative costs, the CDA may also establish loan origination fees, closing fees, servicing fees, and other fees to cover charges directly related to processing an application, and reviewing or servicing a loan. All fees collected go to the Program. The accounting of the fee revenue shall include separate line items to track administrative expenses recovered.

V. APPLICATION PROCEDURE

A. INITIAL INQUIRY

An application form will be provided by the Community Development Director to any person interested in applying for a loan under this Program. Information packets containing the terms and conditions of the Program are available in the Community Development Department and at the City's website (www.manitowoc.org). Community Development Director will inform applicants that they will be required to obtain competitive bids when available for Program activities.

B. PROJECT REVIEW AND DEVELOPMENT

After the initial inquiry, the prospective borrower will complete the Program application. Applications shall be reviewed in the order received by the City, and based upon readiness for the proposed project. A completed application may be submitted at any time during the calendar year, and shall include submittal of the following information:

1. If applicable, a letter of commitment from participating private sector lender(s), written on the lender's letterhead stationary, and which describes the terms of the loan including the exact amount of dollars being committed, interest rate and term, the security to be taken, the period that the commitment is in effect; and a statement that no contingencies exist for the successful completion of the project other than the receipt of a loan from the Program.
2. Current business plan, which describes the firm by its type, legal organization, ownership, management, stage of development, place in the market, objectives, marketing strategy, place in the industry, agreements with other businesses, financing and capital requirements. The business plan should include a four-digit SIC code or NAICS code, discussion of the

management team and its experience, a discussion of the market and identification of major competitors, a discussion of sales growth and composition of the customer base, a discussion of accounting methods applied to inventory and the aging of inventory, a discussion of terms offered to customers, and the aging of accounts receivables, a discussion of agreements with suppliers and other trade accounts and the aging of accounts payable, a description of the debt structure and the status of outstanding debts and a schedule of debt repayments.

3. Financial statements. *For start-up businesses* (less than 1 fiscal year in operation), provide a current personal financial statement not older than 90 days for each party having 20% or greater ownership interest; and 3-year projected annual balance sheet and profit/loss statement (quarterly projections). *For existing businesses*, provide a current personal financial statement not older than 90 days for each party having 20% or greater ownership interest; current balance sheet, profit/loss statement, and statement of change in cash position not older than 90 days; historic annual business balance sheet and annual profit/loss statement for each of last 3 fiscal years; and 3-year projected annual balance sheet and profit/loss statement. Participating lenders will be required to provide a written analysis summarizing the credit including balance sheet and profit/loss analysis, and repayment analysis.

After receipt of a completed application, the City will evaluate the proposal and review the project with regard to historic preservation, provision of access to the handicapped, and compliance with all applicable local, state and federal codes and requirements. The City will work with participating lenders and the business in preparing the financial package, and developing a funding recommendation for the LRC and CDA.

C. FINAL LOAN DECISION AND AVAILABILITY OF FUNDS

Each application will be reviewed by staff and then forwarded to the LRC for a recommendation to the CDA, when it has been determined by staff to be complete. The CDA will establish a LRC to make recommendations on applications. The CDA will make a decision to approve, not approve or to defer action, within 30 days after receipt of a completed application. A rejected application may be resubmitted; provided it is revised in accordance with the CDA's recommendation and Program funds are still available. Decisions of the CDA shall be final.

Upon approval of a Program loan by the CDA, the Community Development Director will contact the business to review, explain and finalize the terms, conditions and requirements of the loan, shall work with City staff to prepare all required agreements and documents, and shall schedule a closing to execute the necessary documents.

If the funding application is not approved, the Community Development Director will provide the applicant with a written explanation stating the reasons for denial of the loan, and shall offer to meet with the applicant to explore ways to strengthen the loan request or to identify alternative funding sources.

In the event that Program loan funds requested exceed available funds, the following criteria will be used to determine which business(es) will be awarded the loan(s):

1. Eligibility of the application.
2. Eligibility of the project to be undertaken.
3. The extent to which private funds are to be leveraged.
4. The extent to which the loan will be secured.
5. Evidence of ability to repay the loan.
6. Size of the loan requested.

7. Timing of the proposed expenditures.
8. Completeness of the application.
9. Concurrence from the USDA (if applicable).
10. Other factors as deemed appropriate by the CDA.

D. LOAN CLOSING

The lender(s) and Program loans shall, whenever feasible, be closed concurrently. Closings will take place as soon as possible following CDA approval, and the fulfillment of all contingencies related to the project. If the Program loan cannot be closed within 180 days from the date of the CDA's approval, the CDA's commitment of funding shall automatically be revoked, and the borrower must reapply for funding. At the closing, the borrower will execute a Revolving Loan Agreement and fulfill any and all collateral requirements.

E. CLOSING COSTS

The CDA shall charge actual closing costs associated with the Program loan. This amount shall be payable in full at or after closing, or deducted from the proceeds of the Program loan. The CDA will provide the borrower with a written statement itemizing these costs prior to the closing.

F. LOAN SERVICING AND MONITORING

All loan payments shall be delivered to the "Manitowoc Revolving Loan Program" c/o Finance Department, 900 Quay Street, Manitowoc, Wisconsin 54220-4543.

VI. DISTRIBUTION OF FUNDS

A. PROCEEDS

Proceeds of the Program loan shall be disbursed to the borrower in their entirety upon closing on the loan based on the ratio of CDA dollars to private dollars in the project as approved by the CDA.

B. RELEASE OF FUNDS

Prior to releasing Program funds at the time of closing, the following documentation must be in place.

1. Notice of Award - the CDA must have reviewed and approved a complete application for an eligible business.
2. Loan Agreement - execution of a loan agreement executed by the CDA and borrower.
3. Promissory Note - execution of a promissory note specifying the amount and repayment obligations of the loan.
4. Security - execution of all security agreements related to the transaction including, but not limited to mortgages, UCC searches and filings, guarantees, title insurance, assignment of life insurance and the like.
5. Repayment Schedule - a loan repayment or amortization schedule shall be prepared by the Finance Director/Treasurer on or after the date of closing, and shall be attached to the loan agreement and promissory note.
6. Evidence of Permits - documentation must be in place that the applicant has secured all necessary permits, licenses and any other registrations or requirements.
7. Other Documents - organizational documents for the borrowing entity such as certificate of

status, articles of incorporation, borrowing resolution, current financial statements, and environmental assessments, if applicable.

With the above documentation in place to the satisfaction of the City, the Community Development Director shall schedule a loan closing. All documents will be executed before funds are disbursed, including the recording of all applicable documents.

VII. POST APPROVAL REQUIREMENTS

A. OBLIGATION OF LOAN RECIPIENT

In addition to the terms and conditions of the Program loan, all borrowers shall agree to comply with the following:

1. Not to discriminate on the basis of age, race, religion, color, handicap, sex, physical condition, development disability as defined in §51.01(5) Wis. Stats., sexual orientation or national origin in any employment or construction activity related to the use of the business loan funds.
2. To use Program loan monies only to pay the cost of services and materials necessary to complete the project or activity for which the loan funds were awarded.
3. To permit inspections by persons authorized by the City of all projects and properties assisted with loan funds.
4. To maintain records on the project for the greater of the term of the Program loan, or at least 3 years after completion of the project, or as may be requested by the CDA.
5. To submit periodic progress reports to the City in accordance with the schedule in the loan agreement.
6. To maintain all necessary levels and types of liability and property insurance required under the loan agreement, and to identify the City as a loss payee, mortgagee or additional insured on the policy. Specifically, evidence of insurance coverage through a Certificate of Insurance shall be provided to the City which specifies and documents provisions of the loan contract. Renewal certificates must be provided to the City a minimum of 10 days prior to coverage expiration.
7. To abide by all federal requirements, when applicable, including, but not limited to the following:
 - a. Equal Opportunity as provided under Title VI of the Civil Rights Act of 1964, as amended, and regulations issued pursuant thereto.
 - b. Title VIII of the Civil Rights Act of 1968, as amended, and regulations issued pursuant thereto.
 - c. Section 109 of the Housing and Community Development Act of 1964, as amended, and the regulations issued pursuant thereto.
 - d. The Age Discrimination in Employment Act of 1967, as amended, and regulations issued pursuant thereto.
 - e. Section 504 of the Rehabilitation Act of 1973, as amended, and the regulations issued pursuant thereto.
 - f. Executive Order 11063, Executive Order 11246 and regulations issued pursuant to both.
 - g. Section 3 of the Housing and Urban Development Act of 1968, as amended, and regulations issued pursuant thereto.
 - h. Overtime compensation in accordance with the Contract Work Hours and Safety Standards Act, as amended, and regulations pursuant thereto.
 - i. Other applicable federal laws or regulations pertaining to labor standards or procedures.

VIII. PERFORMANCE MONITORING

A. PRIVATE LEVERAGE COMMITMENTS

The City shall monitor the use of the funds and expenditure of private leverage commitments. Documentation may include invoices or receipts for materials and supplies, letters from lenders, final bills of sale, and canceled checks.

B. DEFAULT

In the event the business is in default on any of the terms and conditions of the loan agreement, all sums due and owing, including late fees and penalties, may, at the CDA's option, become immediately due and payable. This option shall be exercised in writing and shall be implemented according to the protocol detailed in the loan agreement.

IX. USE OF LOAN REPAYMENTS AND REPORTING

A. RLF PROGRAM

Repaid loans shall be re-deposited into the Program account and used in a manner consistent with this manual. A separate accounting record for each loan shall be kept to account for all funds loaned.

X. LOAN SERVICING

A. PURPOSE

The purpose of this loan servicing manual is to re-state policies and procedures for the monitoring and review of loans made by the CDA. Through this loan servicing activity, the CDA and designated staff will obtain information on the continuing operations of borrowers to ensure compliance with the terms and conditions of these loans, and to adequately protect the City's security interest in all loans granted. The servicing will also ensure that all requirements are met regarding the ongoing filing and recording of documents needed to perpetuate the secured position of the City.

B. RECORD KEEPING

The following information will be maintained for each loan recipient:

1. Loan Package. All credit and loan information as submitted-, including all applicable correspondence will be placed in a file to be maintained for 30 years after loan closing.
2. Loan Closing. All Program loans will be closed as soon as possible following the approval of financing from all relevant funding sources, and the fulfillment of all contingencies related to the project. If the loan is not closed within 180 days from the date of loan approval, the funding commitment shall automatically be revoked. The Community Development Director and Finance Director/Treasurer, in conjunction with the City Attorney or alternative legal counsel, will be responsible for all loan closings. Staff will assist counsel in assembling the legal documentation for the loan closings, as well as recording all relevant loan closing documents. All original legal documents from the loan closing will be maintained by the City Clerk any and all collateral requirements with the CDA at the loan closing. The loan agreement includes a variety of conditions and covenants including repayment terms, description of collateral to be provided, conditions of closing, closing costs, record keeping requirements, and loan amortization schedule. The collateral requirements

will be determined on an individual project basis by City staff and the CDA, and may include mortgages on land and buildings, liens on machinery and equipment, liens on accounts receivables and other assets, personal and corporate guarantees, assignment of life insurance proceeds, intercreditor agreements, and profit share agreements, as well as any other security arrangements required by City staff and the CDA at or before closing. Collateral may be subordinated to private sector financial institutions participating in the project, if required. Finally, businesses receiving loans from the CDA will be required to provide and maintain liability, fire and extended coverage and other insurance coverages as detailed in the loan agreement. The CDA shall be listed as an insured party on the insurance policies. Copies of the loan closing documents will be provided to the loan recipient and to any other parties deemed appropriate by City staff.

3. Record Keeping. The Finance Director/Treasurer will establish and maintain the following loan records:
 - a. All Program project loan project files and amortization schedules.
 - b. Loan Fund Journals which detail all deposits and loan repayments and disbursements for all Program loans.
 - c. Collection Register for each loan containing the name of the business, loan date, loan amount, other terms, the date repayment begins, and records repayments made by the business.
4. Project Files. All information related to the Program projects will be maintained in the City's Community Development Department. In addition, project files will include information regarding field visits, all written correspondences, records of important telephone conversations, financial statements as required under the loan agreement, insurance certificates, loan disbursement documentation, and other information necessary to assure compliance with the loan agreement. Project files will also contain information necessary to ensure that financial information, loan agreement and collateral requirements are tracked and obtained as required. This information will include expiration dates for all required insurances, due dates for financial statements, dates of field visits, review dates for job monitoring, and dates on which loan recipients will be notified of changes in repayment amounts.
5. Financial Statements. All loan recipients ~~will~~ may be required to submit either quarterly, semi-annual or annual financial statements to the Finance Department. The Finance Department will review these statements and compare them with appropriate historical financial information, if available. Financial statements must be prepared by an independent accountant unless otherwise specified in the loan agreement. The financial analysis may include a review of tax returns, balance sheet and profit/loss statement, substantial changes in assets or liabilities, review of collateral securing the Program loan, available working capital, review of loan covenants, and contact with the participating lender(s) to review the status of all outstanding loans.
6. Field Visits. Field visits will be conducted on an "as needed" basis by the Community Development Director. The field visit will include a discussion of the current financial health of the business, and assisting the business with any problems that have been identified.
7. Repayment Monitoring. All loan payments must be made within 30 calendar days of the due date as specified in the loan agreement. If any payment is not made on or before the 10th day after its due date, the Program may collect a delinquency charge not to exceed 12% of the unpaid amount. At the time a payment is 15 days late, the Finance Director will notify the loan recipient of the pending default and the action that will be taken should the payment not be made. All payments shall be applied first to late payment fees, then interest accrued, and then principal.
8. Loan Assessments. All loans will be reviewed on an annual basis, and at any such time as may be deemed necessary by City staff. The evaluation of loan status will include timeliness

of required loan repayments, maintenance of collateral securing the Program loans, overall financial condition of the business, presence of material liens or lawsuits, and violation of any loan covenants. If the business is experiencing problems with any of the above, City staff will work with the loan recipient to determine the actions necessary to correct the identified deficiencies, including possible restructuring of the loan. If appropriate, City staff will arrange for business counseling assistance through the Service Corps of Retired Executives (SCORE) or other appropriate resources. Should the loan recipient default on a Program loan, the account will be turned over to counsel for legal action in order to recover the loan proceeds through the liquidation of collateral and the exercising of personal guarantees.