Barrick Hemlo Operation

Small Business Loan Fund Policy

1. STATEMENT OF PURPOSE:

The purpose of the Small Business Loan Fund policy is to set forth general guidelines for the loan review and approval process for the Barrick Hemlo Operation, herein after referred to as BHO in partnership with the three municipalities of Marathon, Manitouwadge and White River. It is intended to provide a framework for consistent and quality-lending decisions.

1. OBJECTIVES

The objective is to initially provide loans to small businesses who have been negatively impacted by the COVID-19 pandemic. Specifically, the loan program is intended to provide financial support to businesses located in the three municipalities of Marathon, Manitouwadge and White River, located along the north shore of Lake Superior.

1. LOAN CRITERIA:

The loan criteria include small businesses (generally regarded as a business with fewer than 200 employees and revenues lower than $250k) who have been open prior to March 17, 2020. The business would need to demonstrate a need for the funds with a written statement on how their business has been impacted by COVID-19. 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 $5,000 to $10,000. Exceptions to these amounts can be considered by the committee.

Pricing: The rate guidelines will be 0%. Rates will be fixed for the term of the loan.

Terms and Maturity: The standard maturity will be either 12 or 24 months; however, the amortization will be designed to meet the needs of the borrowers cashflow.

Approval: Underwritten applications will be reviewed by the BHO Small Business Loan Committee with a recommendation from the Manitouwadge Economic Development Office (MEDO). BHO 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. If a title company is involved with the loan, then they will disburse the loan per MEDO’s instructions as delineated in the closing instructions.

1. LOAN SERVICING PROCEDURES:

Recommended method of loan payments is by cheque from the borrower’s account. All funds received through loan servicing and repayments are deposited into a municipally-insured, interest bearing account and transferred to BHO on a quarterly basis.

Follow up notes are made on the software system when the loan is booked for tracking as needed for loan expiration dates, loan maturity and financials.

Monthly reviews are done ensuring all loans are current. Delinquent and defaulted loans are reviewed weekly by staff and will be reported to the BHO small business loan committee. When immediate action is necessary to protect fund assets, a meeting of the BHO Small Business Loan Committee will be convened. Loans will be considered delinquent once it is 30 days late. 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 are scheduled on an as needed basis. If a customer is delinquent more than 90 days, staff will generally use the assistance of a collection agency.

1. REPORTING:

The MEDO will report quarterly a summary of all loan activity to the BHO Small Business Loan Committee. These reports will include, approvals, declinations, delinquencies, geographic concentration, loans outstanding and fund balance.