



Financing Facilities for a Better Future

RIHEBC Emergency Loan Program Description

Purpose – To assist eligible RIHEBC borrowers in the payment of debt service on existing RIHEBC bonds. The program’s intention is to financially bridge the borrower to a more stable time.

How to qualify. A potential borrower must:

- 1) Be a 501(c)(3) non-profit.
- 2) Have RIHEBC bonds with an outstanding balance of \$15 million or less (in the aggregate if more than one bond outstanding).
- 3) Demonstrate cash flow shortfalls that have resulted from the coronavirus crisis.
- 4) Demonstrate a lack of sufficient operating reserves.
- 5) Demonstrate diligent and on-going efforts to reduce expenses.
- 6) Submit a complete application.

Loan terms – Determined on a case-by-case basis subject to certain limitations. Limitations shall include:

- 1) All loans will be demand loans.
- 2) Maximum loan size is \$250,000.
- 3) Maximum loan term is 5 years (anticipated to be shorter than this).
- 4) Repayment will begin 30 days after the relief period. Relief period is defined as the number of months’ debt service that RIHEBC will pay. The first 3-6 months of repayment will be interest only, as determined on a case-by-case basis.
- 5) Interest rate will be based upon the total repayment period and will be tied to the like-term AAA Municipal Market Data (“MMD”) rate. For example, total repayment period = 2 years, interest rate shall be the 2 year MMD. In no event will the interest rate be less than 1% or exceed 2%.
- 6) Borrower will provide a UCC lien on its business assets in RIHEBC’s favor.
- 7) RIHEBC’s administrative fee, in connection with borrower’s existing bonds, equal to ten basis points (.1%) will be waived during the relief period and until the time when repayment of principal and interest for the emergency loan is due.
- 8) RIHEBC’s Financial Advisor and legal fee will be capitalized in the loan.
- 9) Borrower’s good standing with regard to the repayment of the loan will be assessed if it applies for any other RIHEBC program. If borrower’s emergency loan is in default of any kind, RIHEBC may deny additional financing.
- 10) RIHEBC will make debt service payments directly to bondholder upon receipt of requisition from borrower; alternately, RIHEBC may reimburse borrower for payment with proof that payment was made to the bondholder.
- 11) Borrower will make loan payments to RIHEBC via direct debit from borrower’s operating account.

One Example for Illustration Purposes Only: Borrower needs 6 months' of debt service relief and RIHEBC's Executive Director approves its Emergency Loan:

- RIHEBC will commit to making the debt service payments (or reimbursing the borrower) during the 6 month relief period.
- Repayment of the loan will begin in the 7th month.
- Payments will be interest only during months 7 to 9. Principal and interest payments will start in month 10 and will continue through the term of the loan.

Program Covenants:

- Applicant will covenant to notify RIHEBC of any stimulus funds or other emergency funds for which it is approved.
- RIHEBC reserves the right to revisit the financial wherewithal of the borrower. To monitor this, borrower shall send monthly income and expense statements to RIHEBC, in a form acceptable to RIHEBC's executive director.

To apply, submit information and materials requested in the loan application.

Documentation – Standardized promissory note with specifics for each borrower; loan agreement; security agreement; UCC filing statement, others as determined by RIHEBC general counsel.