

Term Sheet for Funding of Asbury Park Loan Loss Reserve

THIS CONTRACT AND AGREEMENT, made and entered into this _____ day of June, 2020, amending and replacing a prior version of this Agreement dated December 10, 2012, between THE CITY OF ASBURY PARK URBAN ENTERPRISE ZONE PROGRAM, INC. and COMMUNITY LOAN FUND OF NEW JERSEY, INC.

Whereas, in December 2012, the City of Asbury Park Urban Enterprise Zone Program Inc. (the “UEZ”) determined it would assist Asbury Park small businesses that were impacted by Superstorm Sandy by contributing \$100,000 of its existing business fund to support the Community Loan Fund of New Jersey, Inc.’s (“CLFNJ”) Rebuild New Jersey – Asbury Park Fund (“The Fund”). The Fund provided low-cost, short-term loans to qualified small businesses (a “Fund Loan” and collectively “Fund Loans”). The UEZ contribution was used to establish a Loan Loss Reserve to support The Fund’s loans. As of June 1, 2020, CLFNJ did not draw down from the Loan Loss Reserve to repay losses relate to any Fund Loans.

And whereas, on March 9, 2020, the Governor of New Jersey declared a state of emergency and public-health emergency related to the COVID-19 pandemic and, effective March 16, 2020, the Governor of New Jersey ordered the closure of all schools; effective March 17, 2020, the Governor of New Jersey ordered the closure of all indoor shopping malls; and effective March 20, 2020, the Governor of New Jersey ordered the closure of all other non-essential businesses. These mandatory closures had an adverse impact on the financial health of the small businesses located in the City of Asbury Park.

Therefore, be it resolved that the UEZ recommits its prior contribution and expands the use of the Loan Loss Reserve to include support for businesses located in Asbury Park that have been negatively impacted by the COVID-19 pandemic and have received funding under CLFNJ’s Garden State Relief Fund (“GSRF”), as well as all future business needs within the City of Asbury Park.

Funding of Loan Loss Reserve. In December 2012, the UEZ made an initial deposit into an Escrow Account, held by CLFNJ, in the amount of \$100,000. As of June 1, 2020, the balance available in the Escrow Account is \$101,761.61. Subsequent amounts may be deposited into the Escrow Account from time to time. All amounts held in the Escrow Account shall accrue interest. All accrued and paid interest income shall be added to the balance of the Escrow Account.

Disbursements shall be made from the Escrow Account to CLFNJ for reimbursement of unrecovered losses on a GSRF Loan made to an Asbury Park-based business after the loan is at least ninety (90) days past due and CLFNJ has exercised commercially reasonable efforts to collect the GSRF Loan or bring the GSRF Loan current in a manner consistent with its practices for other business loans that are not GSRF Loans. CLFNJ may claim from the Loan Loss Reserve one hundred percent (100%) of the sum of (a) the unpaid principal, (b) the unpaid interest on the GSRF Loan to which it is legally entitled, and (c) reasonable collection costs including attorneys’ fees (an “Eligible Loss” and collectively the “Eligible Losses”).

Claim for Recovery from Loan Loss Reserve. To document an Eligible Loss and establish entitlement to receive reimbursement from the Loan Loss Reserve, CLFNJ shall provide to the UEZ: (a) a schedule itemizing the Eligible Loss claimed and certifying that it is for a Fund Loan that is at least ninety (90) day past due and (b) a certification that CLFNJ has exercised commercially reasonable efforts to obtain recovery against the borrower.

Loss Recovery. Whenever CLFNJ provides notice of an Eligible Loss to the UEZ as provided above, CLFNJ shall be entitled to payment of the Eligible Loss immediately, up to the amount of funds in the Loan Loss Reserve.

Subsequent Collection Activities. CLFNJ may, in exercise of business judgment, but it shall not be obligated to, continue to collect any delinquent GSRF Loan on its behalf after it has collected from the Loan Loss Reserve. Any recovery, net of reasonable costs of collection, shall be returned to the Loan Loss Reserve Escrow Account.

Quarterly Reporting of GSRF Fund Loans Made to Asbury Park-Based Businesses

Within thirty (30) calendar days after the end of each calendar quarter, CLFNJ shall provide to the UEZ a report listing GSRF Loans to Asbury Park-based businesses activity for that quarter in the form provided by CLFNJ and accepted by the UEZ (the “Quarterly Loan Report”). The Quarterly Loan Report shall, at a minimum, provide the information set form in paragraphs (1) and (2) below.

- (1) New GSRF Loans to Asbury Park-based businesses. An itemized report of new GSRF Loans made to Asbury Park-based businesses during that quarter, including the loan number, the origination date, the name of the borrower, the amount of the loan, the interest rate, the amount of monthly payments, and the term.
- (2) Portfolio Status and Amortization Report. The status for all outstanding GSRF Loans to Asbury Park-based businesses, including the loan number, the origination date, the borrower name(s), the original balance, the current balance, the loan term, the interest rate, the payments received, and information about any delinquent payments.

NOTICES:

All notices required or permitted to be given hereunder shall be in writing and shall be deemed to have been given when delivered via electronic mail or mailed by certified mail, return receipt requested, addressed to the intended recipient as follows:

If to CLFNJ: Marie C. Mascherin, Chief Operating Officer
108 Church Street, 3rd Floor
New Brunswick, NJ 08901
Phone: (732) 640.2061, ext. 209
Fax: 732.543.1201
Email: mmascherin@njclf.com

With a copy to:

Jacki Robinson, Chief Financial Officer
108 Church Street, 3rd Floor
New Brunswick, NJ 08901
Phone: (732) 640.2061, ext. 213
Fax: 732.543.1201
Email: jrobinson@njclf.com

If to Asbury Park UEZ:

Donna Vieiro
City Manager
The City of Asbury Park Urban Enterprise Zone Program
One Municipal Plaza
Asbury Park, NJ 07712
Phone: 732.502.5755
Email: donna.vieiro@cityofasburypark.com

With Copy to:

IN WITNESS WHEREOF, and intending to be bound hereby, the parties hereto have caused this Agreement to be duly executed, effective as of the day and year first above written.

ATTEST:

THE CITY OF ASBURY PARK URBAN
ENTERPRISE ZONE PROGRAM, INC.

By: _____
Name:
Title:

By: _____
Name: Donna Vieiro
Title: City Manager

ATTEST:

COMMUNITY LOAN FUND OF NEW
JERSEY, INC.

By: _____
Name:
Title:

By: _____
Name: Marie Mascherin
Title: Chief Operating Officer