

**CITY OF LOCK HAVEN
COMMERCIAL REVOLVING LOAN PROGRAM GUIDELINES
COVID-19 Revised Program**

The City of Lock Haven Commercial Loan Committee has revised their existing loan program to adapt to the needs of business during the COVID-19 pandemic. This program will offer a 1% interest rate on business loans up to \$50,000. Eligible uses include working capital, machinery and equipment, and real estate and improvements. Loans will be offered until December, at which time the Committee will review the needs of the community and choose to extend the program.

Loans are only available to businesses within the City of Lock Haven.

Applications will be reviewed by the Commercial Loan Committee in collaboration with SEDA-Council of Governments on a rolling basis. Please submit applications to Abigail Roberts, Planner & Development Coordinator, by email at aroberts@lockhavenpa.gov or by mail to 20 E Church Street, Lock Haven, PA 17745. Any questions or concerns can also be directed to Abigail Roberts by email or phone at 570-893-5903.



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CITY OF LOCK HAVEN
COMMERCIAL REVOLVING LOAN PROGRAM GUIDELINES
May 2020 Revised Program
in response to the COVID-19 pandemic

PURPOSE/GOAL

To establish a below market interest rate loan program for small businesses impacted by the COVID-19 pandemic in the City of Lock Haven. This revised program will be offered for a 6-month period. The Lock Haven Commercial Loan Committee has the authority to extend this program after 6 months based on the need of businesses in the City of Lock Haven.

ELIGIBILITY

All new and existing small private businesses within the City of Lock Haven are eligible to apply provided:

- the private business will employ 50 or fewer new employees;
- the private business has less than \$1 million in projected gross revenues;

Loans will be made for improvements to facades; interior renovations; additions, purchase and installation of machinery and capital equipment; working capital; and payment of professional fees such as architects/engineers, surveyors, appraisers, accountants, attorneys, etc.

Both owners and renters may apply provided that they meet the eligibility requirements herein, provided that they either own the property or have a long term lease on the property for the same period as the term of the loan.

Applicants must be credit worthy and the purpose of the loan must be economically feasible.

Applicants must demonstrate their credit worth and the ability to repay the loan within the term of the loan.

Applicants must demonstrate they have equity in the form of cash, real estate, or capital equipment of a value of at least 10% of the total project cost.

Applicants must participate with the Lock Haven University Small Business Development Center if so requested.

TERMS

Loans will be offered at an interest rate of 1% per annum

The term of the loan shall be three (3) years for working capital, five (5) years for machinery and equipment and seven (7) years for real estate and improvements, unless otherwise approved by the Lock Haven Commercial Loan Committee.

The maximum amount of the loan to any applicant cannot exceed \$50,000.

Loan Payments will be deferred for 6 months, beginning on the date the loan is closed. Interest will begin to accrue during the deferral period and will be amortized accordingly over the term of the loan.

The use of the loan funds from the Commercial Loan Program must be related to the creation or retention of jobs. One full time job, or equivalent, must be created or retained for each \$10,000 of Revolving Loan Funds or fraction thereof. [A full-time job is defined as a forty (40) hour work week. By means of illustration, two part time jobs at 20 hours a week would be considered equivalent.]

All loans shall be secured by lien positions on collateral, including both realty and personality, as applicable, at the highest level and priority which can accommodate the borrower's ability to raise sufficient capital for the contemplated project. The Committee in its sole discretion may agree to extend a loan while accepting a lien in less than first position on any collateral, provided that said encumbrance will, in the Committee's sole judgment, protect the financial interest of the Committee's Program.

In addition to any encumbrances required above, the Committee shall also require that the applicant entity and its principals personally guarantee the repayment of the loan.

The attorney for the Lock Haven Commercial Loan Committee will prepare all documents in connection with the issuance of the loan and shall ensure recording and filing of any documents necessary to perfect a security interest in the loan.

If the applicant relocates its principal place of business beyond the limits of the City of Lock Haven prior to the expiration of the term of the loan, an event of default shall be triggered and the entire outstanding balance of the loan shall become due and payable within 60 days of the date thereof.

Any activity which is commenced prior to a loan closing is ineligible for funding under this Program. To ensure compliance with this requirement, in the case of construction and/or renovation projects, a pre-construction and post-construction site visit will be made by City staff. Additionally, an annual on-site visit will be made by City staff to the site of any Project funded with monies from this Program during the course of the applicable loan repayment period.

At closing, loan funds will be issued in the name of the borrower and contractor/vendor jointly. The activity financed by the loan or investment (the "Project Period") shall commence within thirty (30) days of the closing date and the project shall be completed within one (1) year of the date of closing. This project period can be extended by the Lock Haven Commercial Loan Committee in its discretion for good cause shown upon receipt of a written request from the borrower. Failure to comply with the timeline, unless extended, shall constitute a default under the loan agreement and the entire outstanding balance of the loan shall become due and payable within 60 days of the date thereof.

Any applicant who is approved for the receipt hereunder must provide the Committee during the term of the loan with quarterly financial reports on or before March 31, June 30, September 30, and December 31 for each year the loan is active, an annual financial report on or before August 31, and such documentation requested by the Committee which is reasonably related to the Committee's administration of the loan program. Failure to provide this information upon request shall constitute an event of default and the entire outstanding balance of the loan shall become due and payable within 60 days of the date thereof.

APPLICATION PROCESS

The Lock Haven Commercial Loan Committee will administer the Commercial Loan Program on behalf of the City of Lock Haven. The Lock Haven Commercial Loan Committee approves all loans.

NOTE: The processing of a loan application will take an average of 30-45 days from the time the loan application is submitted to the City to loan closing.

Application forms may be obtained from the City Planning office. Completed applications must be returned to the City Planning office, accompanied by the following additional documentation:

1. Attach a narrative that explains the hardship the borrower has faced in relation to the COVID-19 pandemic. This narrative should describe how the loan funding will be used to alleviate these hardships.
2. Attach a brief business plan which describes the background and history of the company, products produced, market area, employment history and projects, and an analysis of what the proposed project will accomplish.
3. Attach a copy of the deed to the property.
4. Attach a copy of the existing lease agreement, if applicable.
5. Attach a copy of the architectural plans for renovations, etc., if applicable.
6. Attach a contractor's bid for construction or renovation work, if applicable.
7. Attach a quotation from a supplier and installer for new machinery and equipment, if applicable.
8. Attach a copy of the articles of incorporation, partnership agreement, or other documentation evidencing ownership.
9. For acquisition projects, attach a copy of a recent appraisal of the property in question.
10. If applicable, attach a bank commitment letter for the project cost balance.
11. For existing companies, please submit Federal Tax Returns for the past two years or audited financial statements for that period
12. Attach a three-year cash flow and pro forma for this project, showing the new debt service and a listing of the assumptions.
13. Personal financial statements will be required of principals in partnerships, proprietorships or closely held corporations.
14. Attach a resume for all persons listed as principals, including their background experience.

APPLICATION FORMS WILL NOT BE PROCESSED UNLESS THE CITY PLANNING OFFICE RECEIVES COMPLETE APPLICATIONS AND ACCOMPANYING DOCUMENTATION IDENTIFIED IN ITEMS (1) THROUGH (14).

There are no service fees required for the processing and approval of the loan. The cost of the Lock Haven Commercial Loan Committee's attorney fee will be paid for by the Committee with funds generated from interest from past loans.

SEDA-COG will act as the financial advisor to the Lock Haven Commercial Loan Committee. All applications will be forwarded to SEDA-COG for determination of the economic feasibility of the project. SEDA-COG will determine the credit worthiness of the applicant and will make a recommendation regarding whether the loan should be issued and the maximum amount thereof for consideration by the Committee.

If SEDA-COG does not recommend approval of an application, it will provide a written explanation to the Lock Haven Commercial Loan Committee.

The Committee will review the recommendation of SEDA-COG and make a final determination regarding whether to issue the loan in that case, and in what amount.

After a final determination has been made by the Lock Haven Commercial Loan Committee, the Committee will notify the loan applicant of its decision in writing and, if a loan has been approved, closing will be scheduled.

EQUAL OPPORTUNITY CLAUSE

This is an equal opportunity program. Discrimination is prohibited by federal law. Complaints of discrimination may be filed with the USDA, Director, Office of Civil Rights, Washington, D.C. 20250

CITY OF LOCK HAVEN
COMMERCIAL REVOLVING LOAN PROGRAM APPLICATION

A. GENERAL INFORMATION:

1. Applicant: Name: _____

 Address: _____

 Telephone: (h) _____

2. Business:

 Name: _____

 Address: _____

 Contact: _____

 Title: _____

 Telephone: _____

3. Ownership:

 Private Corporation: _____

 General Partnership: _____

 Sole Proprietorship: _____

 Non-Profit Corporation: _____

4. Principals:

 Name: _____

 Address: _____

 Name: _____

 Address: _____

 Name: _____

 Address: _____

5. Principal Business Activity: _____

6. Product Line(s): _____

7. Date Company Was Established: _____

8. Use of Loan Funds:

Renovation or Addition: _____

Machinery & Equipment: _____

Working Capital/Inventory: _____

Professional Fees: _____

B. PROJECT DESCRIPTION:

1. Building Renovation or Addition:

Location/Address: _____

Construction Cost: _____

Existing Size: _____

Addition Size: _____

Number of Stories: _____

Contractor's Name: _____

Architect/Engineer: _____

Brief Description: _____

2. Machinery and Equipment:

Manufacturer

Model Number

Cost

Cost to Install Equipment: \$ _____

Contractor/Installer Name: _____

3. Working Capital or Inventory:

Inventory: _____

Amount/Cost: \$ _____

Salaries: \$ _____

Other: \$ _____

4. Professional Fees:

Attorney: _____

Fee Amount: \$ _____

Appraiser: _____

Fee Amount: \$ _____

Architect: _____

Fee Amount: \$ _____

Engineer: _____

Fee Amount: \$ _____

Other: _____

Fee Amount: \$ _____

B. SUPPLEMENTAL DOCUMENTATION:

1. Attach a narrative that explains the hardship the borrower has faced in relation to the COVID-19 pandemic. This narrative should describe how the loan funding will be used to alleviate these hardships, and should also explain why the applicant believes the proposed loan will further the goal of utilizing technological innovations and commercialization of new products that can be produced/manufactured in rural areas, and/or new processes that can be used in such production.
2. Attach a brief business plan which describes the background and history of the company, products produced, market area, employment history and projects, and an analysis of what the proposed project will accomplish.
3. Attach a copy of the deed to the property.
4. Attach a copy of the existing lease agreement, if applicable.
5. Attach a copy of the architectural plans for renovations, etc., if applicable.
6. Attach a contractor's bid for construction or renovation work, if applicable.
7. Attach a quotation from a supplier and installer for new machinery and equipment, if applicable.
8. Attach a copy of the articles of incorporation, partnership agreement, or other documentation evidencing ownership.
9. For existing companies, please submit the Federal Tax Returns for the past two years or audited financial statements.
10. Attach a three-year cash flow and pro forma for this project, showing the new debt service and a listing of the assumptions.
11. Personal financial statements will be required of principals in partnerships, proprietorships or closely held corporations.
12. Attach a resume for all persons listed as principals, including their background experience.

APPLICATION FORMS WILL NOT BE PROCESSED UNLESS THE CITY PLANNING OFFICE RECEIVES COMPLETE APPLICATIONS AND ACCOMPANYING DOCUMENTATION IDENTIFIED IN ITEMS (1) THROUGH (12).

D. ASSURANCES:

1. The undersigned hereby certifies that all information contained in this application is true and correct, and is complete to the best of his/her knowledge.
2. The undersigned and the company agree that they will not discriminate on the grounds of race, color, sex, religion, marital status, handicap, age or national origin in their hiring practices.
3. The undersigned hereby agrees to comply with all state and local regulations in regard to the construction work, labor, zoning and environmental conditions.
4. The undersigned agrees to enter into a loan agreement with the Enterprise Zone Committee for: the loan of the funds, pay back of the funds, and; the provision to provide the stated number of new jobs; etc.

I have read the above assurances and hereby agree to abide by them:

Owner/Principal

Date

SEAL

Secretary