

**CITY OF LOCK HAVEN**  
**COMMERCIAL REVOLVING LOAN PROGRAM GUIDELINES**  
**COVID-19 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 until June 30, 2021. The Lock Haven Commercial Loan Committee has the authority to extend this program 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 personalty, 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, resumes(s) of all principal owner(s), 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:
  - a. Federal Tax Returns for the past two years or audited financial statements.
  - b. Interim Balance Sheet as of the month of application submission.
  - c. Profit & Loss Statement as of the month of application submission.
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. Completed Schedule of Debts form (as provided in application).
14. Completed Credit Authorization form (as provided in application).
15. Personal financial statements will be required of principals in partnerships, proprietorships or closely held corporations.
16. 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 (16).

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.





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, owner(s) resume(s), 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. For existing companies, please submit:
  - a. Federal Tax Returns for the past two years or audited financial statements.
  - b. Interim Balance Sheet as of the month of application submission.
  - c. Profit & Loss Statement as of the month of application submission.
11. Attach a three-year cash flow and pro forma for this project, showing the new debt service and a listing of the assumptions.
12. Completed Schedule of Debts form (as provided in application).
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14. Personal financial statements will be required of principals in partnerships, proprietorships or closely held corporations.

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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 Commercial Loan Committee for: the loan of the funds, pay back of the funds, and; the provision to provide the stated number of new jobs; etc.

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.

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

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Owner/Principal

SEAL

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Date

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Secretary

City of Lock Haven Commercial Loan Program  
Schedule of Debts

Borrower Name:

Date:

*Furnish the following information on all debts, contracts, notes, and mortgage payable. Do not include accounts payable or accrued liabilities.*

Name of Creditor & Address	Original or Max amount	Original Date	Present Balance	Interest Rate	Maturity Date	Monthly Payment	Security - if real estate; street, city, state	Current or Delinquent
<i>Total Present Balance**</i>			\$0.00	<i>Total Monthly Payment</i>		\$0.00		

\* Should be the same date as current financial statement

\*\* Total must agree with balance shown on current financial statement

***Please sign and date ONE of the statements listed below:***

To the best of this company's recollection, the current debt listed above is the only type of financing incurred by the company, principals, and/or affiliates of the company.

\_\_\_\_\_

Print Name
Signature
Date

This company, its principals or any of its affiliates do not have current outstanding debt.

\_\_\_\_\_

Print Name
Signature
Date

SEDA-COG Loan Application

**Authorization – To be signed by any 20% or more owner or guarantor of the loan**

<input type="checkbox"/>	By checking this box and submitting this application and any updates, extensions, or modifications, the undersigned authorizes SEDA - Council of Governments (SEDA-COG) to make all inquiries it deems necessary to verify the accuracy of the information provided herein and to determine creditworthiness including, but not limited to, obtaining consumer and/or business credit reports regarding the applicant or its ownership or any entity with whom they may be affiliated.
<input type="checkbox"/>	I hereby authorize the release of any and all personal and business credit report and other information required in the processing of my loan application and as required in the servicing and/or during the term of my loan including, but not limited to: personal and business tax returns, insurance policy coverage and premium payments including business real and personal property and life insurance (if required), workers compensation, and property tax payments. I also authorize the Applicant's/Guarantor's accountant to release financial information regarding the Applicant/Guarantor including, but not limited to, tax returns, financial statements, and schedule of debts. I further authorize SEDA-COG and its successors to release such information to any entity as required in the processing or servicing of my loan(s).
<input type="checkbox"/>	I certify that I have never caused the government a loss as a result of a prior borrowing relationship (whether a direct business or personal loan), a loan in which I was a guarantor, or a loan to a business in which I had an ownership interest. Loans include, but are not limited to, student loans, government guaranteed residential mortgages, and business loans, both direct or government guaranteed.
<input type="checkbox"/>	The undersigned hereby certifies that the enclosed application information, including all attachments, is true, accurate, and complete as of the date of this application. The undersigned understands that false statements may result in the denial of the loan request.

Applicant/Guarantor (Please Print)	Title	Applicant/Guarantor Signature	Date
Applicant/Guarantor (Please Print)	Title	Applicant/Guarantor Signature	Date
Applicant/Guarantor (Please Print)	Title	Applicant/Guarantor Signature	Date
Applicant/Guarantor (Please Print)	Title	Applicant/Guarantor Signature	Date
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Applicant/Guarantor (Please Print)	Title	Applicant/Guarantor Signature	Date

SEDA-COG, 201 Furnace Road, Lewisburg, PA 17837  
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 SEDA-COG is an Equal Opportunity Lender/Provider