

Carbon County Industrial Development Authority (CCIDA) Business Start-up Loan Program

APPLICATION PROCEDURES

Carbon Chamber & Economic Development Corp. (CCEDC) is committed to assisting small start-up businesses succeed. Because banks are reluctant to loan money to start-ups, CCEDC through the Carbon County Industrial Development Authority (CCIDA) has introduced the Small Business Start-Up Loan Fund which is designed to help small start-up businesses.

In order to qualify for the Small Business Start-Up Loan Fund, all potential fund recipients must work with a Wilkes University Small Business Development Center Consultant in completing the following steps. Once all the steps are completed and approved by the SBDC business consultant, the small business owner would then be eligible to present their business plan and financials to the CCIDA for review.

GENERAL TERMS

Interest Rate. Interest rate is 200 basis points below the U.S. Prime Rate, but not less than 2/95% per annum. Rate is fixed for period of loan, which is (5) years for purchase of machinery & equipment (new or used) and seven (7) years for construction/renovation or acquisition of real estate. The loan amounts range from \$25,000 to \$75,000 not to exceed 75% of total project cost.

Loans will be ranked by the following criteria:

- a. Financial feasibility of the project
- b. Market potential
- c. Date of submission of completed Application
- d. Potential for further expansion of the firm

The borrower will submit the completed CCIDA Small Business Revolving Loan Fund application to the Carbon County Industrial Development Authority in duplicate and shall include all of the materials identified in the CCIDA Application checklist.

The CCIDA Administrator will conduct a financial and program review according to the established guidelines and evaluation criteria and forward the Application and all relevant documentation to the CCIDA.

The CCIDA will review each application in the order that it is received and will approve or reject the loan application and formally notify the borrower of the decision within 60 days of receipt of the completed loan application. The CCIDA's commitment will be good for a period of 90

days from date of approval and may be extended upon written request for an additional 90 days.

Upon formal approval by the CCIDA, arrangements will be made for closing and the disbursement of funds.

Before the CCIDA requests the funds to be drawn from the account, CCIDA will ensure and confirm in writing 20 calendar days prior to the closing date:

1. That all other sources of funding (if any) will be in place at the time of closing.
2. That use of all funds remains as presented in the project application;
3. That all parties agree to the collateral as approved by the committee;
4. Whether or not the loan will close into an escrow account;
5. That all other conditions of the commitment letter have been satisfied; and
6. The closing date and place.

Any material changes in the project application, collateral, or terms must be reviewed and approved by the CCIDA and could potentially delay the closing of the loan.

The CCIDA will make arrangements to close the loan using closing documents provided by the CCIDA. Loans must close within seven (7) days of the selected closing date; otherwise, the funds will be returned to the program account.

Disbursement Procedures

Loans will be disbursed at the loan closing between the CCIDA and the borrower, unless other mutually agreeable arrangements are made.

Interest only will be charged for the period of closing to the first of the next month. Principal and interest is due the first of the following months thereafter.

Escrow accounts must be established when directed by the CCIDA. No escrow account may extend beyond 12 months without the prior written consent of the CCIDA.

Prior to disbursement, either directly at closing or through an escrow account, the CCIDA must certify that all other sources of funding (if any) are in place and that the use of those funds remains unchanged from those identified in the project application.

Monitoring Procedures.

Financial documentation must be provided at the time of monitoring of the loan to ensure private and/or other funds that have been committed to the project have been used and not withdrawn.

Loan Fees – Application, Legal, Closing

A non-refundable application fee of \$100 is submitted with the completed Application. The applicant must agree to pay at closing, legal fees and a loan origination fee of 1.5% of the loan proceeds.

Required Information

Complete financial information, both business and personal, will be required of all applicants for the loan fund. Some or all of the following information will also be required:

- a. A current business plan
- b. Three (3) years pro-forma, three (3) years balance sheets, (3) years showing profit/loss and three (3) years of cash flows.
- c. Three years of historical financial statements including business and personal tax returns
- d. Market studies (particularly for new start-ups)
- e. Financial information certifying that the loan is both necessary and appropriate
- f. Sources of other financing if any

Conditions of Financing

Security or collateral for the loan(s) will be required however the level of security will depend upon the individual needs of the applicant. In some cases assignment of life insurance will be required.

A fixed loan interest rate will be calculated within the Letter of Offer from the CCIDA. The rate will be set at 200 basis points below the U.S. Prime Rate, but not less than 2.95%.

The repayment terms will not exceed five (5) years for purchase of machinery and equipment and seven (7) years for construction/renovation or acquisition of real estate and variable but shorter terms for working and start-up capital

Personal guarantees and life insurance assignment may be required.

A promissory note will be required.

A term loan agreement will be required.

CCIDA loan funds will require all goods and services be supplied from businesses located in or owned in substantial part by Carbon County area residents whenever possible.

Loan Limitations

Applicants must show the project is financially feasible.

Deferred payments of principle and interest will generally not be allowed, however, this requirement may be waived in circumstances where loan funds can fill a critical gap in the normal financing structure.

Loans may be assumable if the new purchaser applies and qualifies under the policy guidelines and loan conditions of the CCIDA Small Business Revolving Loan Fund (CCIDA SBRLF). However, should the purchaser be declared ineligible for assistance, the loan immediately will become due and payable in full.

Pre-payment will be allowed without penalty.

All projects must adhere to all local, state and federal environmental control standards and no loan proceeds will be disbursed until all state and local sign-offs are secured. A standard environmental assessment form will be developed to assess potential environmental impacts of all fixed asset loan projects.

Other IDA SBRLF Requirements

Business is defined as any person, partnership, cooperative or corporation engaged in manufacturing, retailing or servicing a product for profit.

The CCIDA SBRLF investments will emphasize financing of business expansion projects for County "private for profit" manufacturing firms. The CCIDA will give consideration to developing advanced technology type industries or job creation service industry projects.

The applicant for the loan must possess good character and reputation. An investigation of the applicant will be made from the best available sources, including past and present creditors, employers and any other individuals who may have knowledge of the applicant.

Each applicant must inject a minimum equity of 10% of the total project cost.

Use of Loan Funds

Loan proceeds may be used for the following purposes (this list of uses is not all inclusive).

1. Machinery and Equipment purchases and related expenses, including engineering, repairs and upgrades.
2. Pollution Control Equipment
3. Purchase of real estate
4. Construction/renovation of real estate

COMPANY PROFILE

Date Company was founded: _____

Date Incorporated (if Inc.): _____

Brief history of the company: _____

Product/Business Description: _____

Ownership: _____

Officers and Management (attach resumes)

President: _____

Vice-President: _____

Plant Manager (if any): _____

On a separate sheet identify all Parent, Subsidiary and Affiliated Companies including the Location, Number of Employees, and Ownership Breakdown (%).

CCIDA Small Business Revolving Loan Fund

Summary Loan Application

General Information Record

Company Name: _____

FEIN: _____

Size of Project (sq ft) _____ Size of Site (acres) _____

Total current full time employees – include parent, subsidiaries and affiliates: PA: _____
 Worldwide (include PA): _____

	Total employment this site only	Jobs available Low/Moderate	Annual payroll this site only	Average annual wage this site only
Existing (include jobs transferred to this site)				
Projected new, one year (do not include existing)				
Projected new, three years				

Estimated increase in sales:

1 year: _____

2 years: _____

3 years: _____

Increase in out of state sales:

1 year: _____

2 years: _____

3 years: _____

In-state sales increase captured from out of state competition:

1 year: _____

2 years: _____

3 years: _____

CCIDA Small Business Revolving Loan Fund
Statement of Criminal History
(To be completed and signed by each officer and major stockholder)

Have you ever been convicted of a criminal offense or are any charges pending? *(exclude minor traffic violations)*

Yes/No

If yes, complete the following:

Nature of Crime: _____

Charge or Conviction: _____

Date of Charge or Conviction: _____

State and County: _____

Signed: _____

Name of Company: _____

Position: _____

Date: _____

CCIDA Small Business Revolving Loan Fund

The undersigned hereby certifies that if commitments to purchase or actual purchases of land, building, machinery, equipment, or working capital needs have occurred before final approval is received and the loan is rejected, the undersigned will be personally responsible for such debts.

Signature: _____

Name of Company: _____

Position: _____

Date: _____

STATEMENT OF NON-RELOCATION

It is not the intention of _____
and any affiliate, subsidiary, or other business entity under our direct, indirect or common
control to relocate any present operation as a result of the project designated below.

This project is not intended to create unemployment or move jobs from one area to
another but is intended to create or strengthen employment opportunities at the project location.

Name of Project

County

Signature

Official title

Date

RESOLUTION

RESOLUTION OF THE _____
Company name

I hereby certify, as President of _____, a for-profit corporation and existing under the laws of the Commonwealth of Pennsylvania, that the actions set forth in the following Resolution were adopted by the Board of Directors, at a meeting duly held in accordance with the by-laws of which a quorum was present.

RESOLVED, that this corporation borrow _____ (\$ _____) Dollars from Carbon County Industrial Development Authority (CCIDA), said loan to be repaid over a period of _____ (_____) years in regular monthly installments, with interest at the rate of _____ (_____) percent per annum, and in accordance with all other requirements, policies and procedures.

RESOLVED, that this corporation execute a Promissory Note indicating the corporations' indebtedness to the CCIDA which note shall contain the terms and conditions of said loan.

FURTHER RESOLVED, that this corporation is authorized to execute the delivery of all such documents, instruments and certifications as may be required in connection with this loan to the CCIDA in accordance with requirements of the CCIDA.

Adopted and approved this _____ day of _____ 20_____.

Name of Corporation

By: _____

Title: _____

Certified:

Secretary

SEAL

**CCIDA Small Business Revolving Loan Fund
Summary Loan Application
Financial Assistance Record**

Company Name: _____

FEIN: _____

Complete the following for all public and private fund sources:

1) Source of Funds _____

Total amount this source: \$ _____ % Participation _____
Rate: _____ Term: _____ Status: _____

2) Source of Funds _____

Total amount this source: \$ _____ % Participation _____
Rate: _____ Term: _____ Status: _____

3) **CCIDA Revolving Loan Fund**

Total amount this source: \$ _____ % Participation _____
Rate: _____ Term: _____

Evidence that financial gap exists and reason for CCIDA amount: _____

**Carbon County Industrial Development Authority (CCIDA)
Small Business Revolving Loan Program**

NOTICE TO APPLICANTS

This notice to you is provided as required by the “Right to Financial Privacy Act of 1978”. In seeking a loan through one or more of the various Revolving Loan Funds administered by the Carbon County Industrial Development Authority (CCIDA) you hereby grant access rights to financial records held by financial institutions that are or have been doing business with you or your business, including financial institutions participating in this loan. Also, you hereby grant CCIDA the right to obtain a credit report through The Jim Thorpe Neighborhood Bank from a credit bureau service relative to your company and personal credit reports on any principals with twenty (20%) percent or more ownership in the company. CCIDA utilizes The Jim Thorpe Neighborhood Bank to conduct credit checks; however, The Jim Thorpe Neighborhood Bank has no interest in the application process or decision on approval of the loan. Access rights continue for the term of any approved loan without further notice or authorization. Under certain Revolving Loan Funds, verification of employment and payment of unemployment compensation and worker’s compensation will be made through the Pennsylvania Department of Labor and Industry.

This authorizes the CCIDA to use or transfer financial records on an application for an approved loan as necessary to process, service, or foreclose a loan or collect on a defaulted loan. No other transfer of your financial records will be permitted.

I/We authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the loan and to CCIDA’s Revolving Loan Fund Committee and to the funding source.

I/We give assurance that we will comply with Sections 112 and 113 of Volume 13 of the Code of Federal Regulations. These Code Sections prohibit discrimination on the grounds of race, color, sex, religion, marital status, handicap, age, or national origin by recipients of federal financial assistance and require appropriate report and access to books and records. In addition, I/we give assurance that we will comply with the requirements of Federal and State laws concerning the environment, flood protection insurance if project site is located within a flood plain area, and access for the physically handicapped. These requirements are applicable to anyone who buys or takes control of the business. I/We realize that if I/we do not comply with these requirements, CCIDA can call or, terminate, or accelerate repayment on my/our loan.

I/We give assurances that I/we will comply with the provisions of the Americans With Disabilities Act. We understand and agree that no individual with a disability shall on the basis of the disability, be excluded from employment or activities provided for under any loan which CCIDA shall make available under its Revolving Loan Funding Program.

I/We give assurance that, to the best of my/our knowledge, my/our project has no affect upon historical/archaeological properties and is in compliance with the requirements and objectives of the National Historic Preservation Act of 1966; as amended, Presidential Executive Order 11593, May 13, 1971; and Procedures for the Protection of Historic and Cultural Properties.

I/We give assurance that my/our project does not involve relocation as herein defined. Certain CCIDA loan programs capitalized through federal assistance do not allow its funds to be part of any project involving the relocation of an establishment from one area to another causing unemployment at the location where such work was previously performed. For the purposes of this paragraph, "area" means that geographic area which will allow employees of relocated businesses to retain their jobs.

Authority to Collect Personal Information -This information is provided pursuant to Public Law 93-579 (Privacy Act of 1974).

Effects of Nondisclosure – Omission of an item means your application might not receive full consideration.

Agreement of Nonemployment of CCIDA personnel – I/We agree that if CCIDA approves this loan application, I/we will not, for at least two (2) years, hire as an employee or consultant anyone that was employed by the CCIDA during the one year period prior to the disbursement of the loan.

Release and Identification – The undersigned applicant has submitted an application to CCIDA for one or more loans for use in a business either now existing or to be formed or acquired. In conjunction with the consideration of such loan(s) and in furtherance of its mission to provide economic assistance to businesses within its constituent counties, CCIDA, may, from time to time, provide advisory services in connection with the formation and operation of the applicant's business and the means of obtaining appropriate financing for such business.

It is expressly acknowledged that CCIDA makes no representation or warranty as to the probability of success of Borrower's business. It is further acknowledged that CCIDA is under no obligation, either contractual or otherwise, to provide or locate funds needed by the undersigned in either the start-up or operation of the business. Except as expressly set forth in writing, CCIDA makes no commitment that any such funding will be made available.

In consideration of consultation, technical, advisory, management services being provided, the undersigned hereby releases and discharges CCIDA from all liability for any loss or damage resulting from the failure of the business, including without limitation, the inability of such business to obtain necessary financing or to meet projections established in any business plan prepared or reviewed by CCIDA. Additionally, the undersigned hereby agrees to indemnify and hold it harmless from all loss or liability which may result from the operation of the said business.

All information is true and complete to the best of my/our knowledge.

I/We certify that I/we have read this "Notice to Applicants" and that I/we have been given a copy of it.

_____ EIN _____
Company Name

By: _____ Date _____
(President or Duly Authorized Executive)

Proprietorship/Partnership

Signature Social Security # Date

Signature Social Security # Date

Equal Credit Opportunity Act

The following information is requested by the Federal Government for certain types of loans and assistance in order to monitor the lender's compliance with the Equal Credit Opportunity Act. You are not required to furnish this information, but are encouraged to do so. The law requires that a lender may not discriminate on the basis of this information or on whether you choose to furnish it. However, if you choose not to furnish it, under Federal regulations, this lender is required to note race/ethnicity on the basis of visual observation or surname. If you do not wish to furnish this information, please check the box below.

I do not wish to furnish the below information.

_____ Gender: Male ___ Female ___ Race (see codes below): _____
Name of Applicant*

_____ Gender: Male ___ Female ___ Race (see codes below): _____
Name of Applicant*

Race: 1 – American Indian or Alaska Native; 2 – Asian; 3 – Black or African American; 4 – Native Hawaiian or Pacific Islander; 5 – White-Hispanic or Latino; 6 – White-Not Hispanic or Latino

*If Applicant or Co-Applicant is a business, then the President/Owner of the business should provide this information.

CCIDA is an Equal Opportunity Lender/Provider

CREDIT REPORT AUTHORIZATION AND PRIVACY DISCLOSURE FORM

I hereby authorize and instruct CARBON COUNTY ECONOMIC DEVELOPMENT CORPORATION, INC (CCEDC) to obtain and review my credit report. My credit report will be obtained from a credit reporting agency chosen by (CCEDC). I understand and agree that (CCEDC) intends to use the credit report for the purpose of evaluating my financial readiness to obtain financing.

My signature below also authorizes the release to credit reporting agencies of financial or other information that I have supplied to (CCEDC) in connection with such evaluation. Authorization is further granted to the credit reporting agency to use a copy of this form to obtain any information the credit reporting agency deems necessary to complete my credit report.

In addition, in connection with determining my ability to obtain a loan;

I authorize ____

I do not authorize ____

(CCEDC) to share with potential mortgage lenders and/or counseling agencies my credit report and any information that I have provided, including any computations and assessments that have been produced based upon such information. These lenders may contact me to discuss loans for which I may be eligible, and these counseling agencies may contact me to discuss counseling services.

I understand that I may revoke my consent to these disclosures by notifying (CCEDC) in writing.

Client's Name (Print)

Client's Name (Print)

Client's Signature

Client's Signature

Client's Social Security Number

Client's Social Security Number

Date: _____

Date: _____

Address:

Address:

