

Carbon County Industrial Development Authority (CCIDA) New Business Loan Program

APPLICATION PROCEDURES

The Carbon County Industrial Development Authority (CCIDA) has established a low-interest New Business Loan Program (NBLP) to assist small manufacturing, service type businesses and warehouse/distribution firms throughout Carbon County.

Eligible applicants are private firms engaged in manufacturing, service or warehouse/distribution and located or proposing to locate within Carbon County. Loan participants in good standing may re-apply for one additional loan for a new project. A business may not have more than two (2) active CCIDA loans at any given time.

In order to qualify for the New Business Loan Program, all potential fund recipients must work with a Wilkes University Small Business Development Center (SBDC) business 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.

1. Attend either a First Step class or have initial meeting with SBDC consultant;
2. Provide the following:
 - a. Credit score
 - b. Collateral
 - c. Cash injection
3. Write a comprehensive business plan and have it reviewed/edited and signed off by SBDC consultant;
4. With the assistance of the SBDC Consultant, prepare financial projections and provide supporting documentation as necessary. Reviewed and signed off by SBDC Consultant;

NOTE: If other documents are needed, such as tax returns, lease agreements and proof of insurance, the CCIDA will request them directly from the client to be included in the loan application package.

PLEASE NOTE: Completing these steps does not guarantee loan approval.

GENERAL TERMS

Interest Rate. Interest rate is 200 basis points below the U.S. Prime Rate, but not less than three and one-half percent (3 ½ %) per annum. Rate is fixed for period of loan, which is a maximum of seven (7) years. The loan amounts range from \$5,000 to \$50,000.

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 New Business Loan Program application to the Carbon County Industrial Development Authority, which 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 personal tax returns and business tax returns if applicable.
- 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 or a co-signer 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 3.5%.

The repayment terms will not exceed seven (7) years.

Personal guarantees and life insurance assignment may be required.

A promissory note will be required.

A term loan agreement will be required.

An automatic bank payment plan shall be established for the repayment of the loan.

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 principal 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 New Business Loan Fund. 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 CCIDA Requirements

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

The CCIDA investments will emphasize financing of new business and/or expansion projects for County "private for profit" 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.

The Borrower shall submit annually a copy of a personal financial report and Federal Tax Report.

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
5. Operating funds

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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 (%).

PROJECT DESCRIPTION

Describe the real estate portion of the project: _____

Project cost: \$ _____

Describe the machinery and equipment to be acquired: _____

Project cost: \$ _____

Describe other phases of the project to be funded: _____

Total project cost: \$ _____

Describe how the project will affect your current or future operation and productivity: _____

CCIDA NEW BUSINESS LOAN PROGRAM
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 NEW BUSINESS LOAN PROGRAM
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: _____

Signature: _____

Name of Company: _____

Position: _____

Date: _____

CCIDA NEW BUSINESS LOAN PROGRAM

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: _____

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 NEW BUSINESS LOAN PROGRAM
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 New Business 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)
New Business 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 Loan Programs 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 New Business Loan Program, 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 New Business Loan Program 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 New Business Loan Program.

Proprietorship/Partnership

_____ Signature	_____ Social Security #	_____ Date
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_____ Signature	_____ Social Security #	_____ Date
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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