

**LAWRENCE COUNTY ECONOMIC DEVELOPMENT CORPORATION
REVOLVING LOAN FUND**

PURPOSE

The Revolving Loan Fund is designed to assist business growth and job creation in Lawrence County by making below market rate loans for fixed assets and permanent working capital.

ORGANIZATION

The Lawrence County Economic Development Corporation (LCEDC), a non-profit corporation existing under the laws of the Commonwealth of Pennsylvania, administers the Fund. LCEDC's staff assists in packaging and analyzing the loan information and presents the loan application material to a Loan Review Committee for final analysis and recommendation. The Loan Review Committee is comprised of LCEDC members from the business and banking sectors. Once the Loan Review Committee has reviewed the request for funding and all applicable documentation, it prepares a recommendation to the LCEDC's Executive Committee who then presents a recommendation to the full Board of Directors. The Board of Directors is responsible for the final action of approving or denying the loan request. The Revolving Loan Fund is capitalized through various sources, but primarily by the Commonwealth of Pennsylvania.

ELIGIBLE APPLICANTS

Eligibility under the fund is limited to for-profit corporation, partnerships, or proprietorships either located or locating in Lawrence County who are manufacturing, industrial **or business-to-business** enterprises.

- A. *Manufacturing Enterprise.* An enterprise, which is engaged in the giving of new shapes, new qualities or new combinations to matter by the application of skill and labor.
- B. *Industrial Enterprise.* An enterprise, which is engaged in warehousing, terminal operations, distribution or an industrial operation that produces goods and services sold outside the region. An enterprise other than mercantile, commercial, or retail establishment.
- C. *Business-to-Business Enterprise.* An enterprise which is engaged in providing a service or offering a product to other business enterprises. At least 85% of the businesses' revenue must be derived from other manufacturing, industrial, retail or commercial businesses.

ELIGIBLE IMPROVEMENTS

- A. Machinery and Equipment used as part of the production process, no over-the-road rolling stock or office equipment.
- B. Land and building acquisition.
- C. Building rehabilitation/leasehold improvements.
- D. New construction.
- E. Real property improvements.
- F. Permanent working capital -- Cash for the purpose of a permanent investment in the operations of a company.

LOAN LIMITS

- A. Applicants must show at least \$1 in other financing and/or equity injection for each dollar requested from the Fund.
- B. Applicants must certify that they will create or retain one (1) full time equivalent job over a three (3) year period for each \$25,000 requested from the Fund.
- C. The maximum loan participation shall be set at **\$100,000**, or 50% of the project, whichever is less.

RATES AND TERMS

- A. Interest on the loans will be charged at a fixed rate of 75% of the prime lending rate as reported by the Wall Street Journal with a floor of 4.0%. Rate will be fixed at time of commitment.
- B. The term of land and building loans will not exceed ten (10) years and machinery and equipment loans will not exceed seven (7) years in term. Permanent working capital loans shall be for a five-year term and be self-amortizing.
- C. The first or shared first lien position against one or more of land, building, fixtures, equipment, contract rights, accounts receivable, or inventory shall be preferred with no less than a **third** position to be considered.
- D. If a corporation, partnership, or proprietorship has received financing from the

Lawrence County Economic Development Corporation, and relocates that entity outside Lawrence County, the balance and accrued interest thereon will automatically become due and payable without demand.

- E. Upon presentation of unique circumstances to LCEDC, the above rates and terms may be changed.

FEES AND CHARGES

- A. Loan application must be accompanied by a \$350 advance, non-refundable application fee due before application is submitted for review by Loan Review Committee.
- B. A commitment fee of 1% commitment fee (advance application fee is not applied) due within thirty (30) days of receipt and acceptance of commitment letter.
- C. .5% annual maintenance fee based on principal balance of loan at anniversary (minimum \$100.).
- D. Borrower will be responsible for all legal/doc fees incurred by the LCEDC in regards to the loan transaction and must be paid at time of loan closing.

POLICIES

- A. Loans will be evaluated on the ability of the applicant to repay the loan and the economic impact of the project on Lawrence County.
- B. Projects that solely involve refinancing will not be considered.
- C. All loans will be collateralized.
- D. Personal guarantees will be required.
- E. Applicants must have a written commitment from a private financing source or evidence of dollar for dollar equity contribution before the LCEDC Loan Review Committee will consider their application.
- F. Projects that involve the acquisition of property where more than 10% of the floor space of the structure is to be leased to parties other than the applicant will be reviewed on a case-by-case basis for the Revolving Loan Fund.
- G. The loan documents will contain provisions to the effect that failure of the applicant to comply with the terms and conditions of the loan will result in

interest on the loan being charged at a floating rate of prime plus 2%.

- H. The LCEDC reserves the right to impose additional conditions on the loan.
- I. All applications are due the first day of each month and will be reviewed within 45 days.
- J. Any exceptions to the above referenced provisions must meet with the approval of a majority of the LCEDC Board of Directors.