



CITY OF FARRELL
500 Roemer Blvd., Farrell, PA 16121

REVOLVING LOAN PROGRAM GUIDELINES

PROGRAM GOALS

The goal of the city's revolving loan program is to encourage the expansion/improvement of existing businesses and to attract new businesses to Farrell. The creation of jobs in the community shall be emphasized and required to participate in the program. Another objective of the loan program is to expand and diversify the community's tax base. Retail loans will be considered when the applicant demonstrates that the proposed venture will provide a needed service to the residents of Farrell. The program will provide below-market interest rate loans to the businesses willing to meet these goals and other financial requirements.

DEFINITIONS

- CITY – shall mean the City of Farrell.
- APPLICANT – shall be deemed as any interested business entity requesting participation in the loan program.
- REVOLVING LOAN FUND – the low-interest loan fund established under this program.
- LOAN REVIEW COMMITTEE – consists of three bank loan officers and two business persons from the community; appointed by Mayor and Council; reviews and makes recommendations to Council for each loan application presented for consideration.

ELIGIBILITY

As part of the application, the applicant will be required to show that the project is eligible for funding. Applicants must provide proof of the following before an application is deemed eligible:

1. It is a for-profit business entity located in the City of Farrell, or intending to locate within the City;
2. The applicant must be credit-worthy;
3. Project must be economically feasible;
4. Applicant must create at least one new full-time equivalent job within three years for every \$15,000 received in loan proceeds; recipients failing to meet this requirement may be subject to having their interest rate adjusted upward;
5. Applicant must provide evidence that the project complies, or will comply, with applicable local, state, and federal regulations;

FINANCIAL REQUIREMENTS

1. The City of Farrell Revolving Loan Fund Committee will consider loans as follows:

Amount	% of City Participation	Other Required Financing	Required Equity
\$50,000 or less	up to 80%	10%	10%
\$50,001 - \$250,000	up to 65%	25%	10%
\$250,001-\$500,000	up to 50%	40%	10%

(Applicant may increase equity in order to decrease amount of other required financing.)

2. Eligible Project Activities:

- Land Acquisition
- Building construction or purchase
- Machinery and equipment purchase
- Working capital

(Retail loans will be considered if the applicant demonstrates a need within the community for the product or service to be provided.)

3. Ineligible Activities:

- Refinancing of existing debt or payment of obligations incurred prior to loan approval.
- Speculation in any kind of property
- To supplant funding otherwise available from private sector sources with commercially reasonable terms.

4. All loans shall be secured by lien positions on collateral of the highest level of priority which accommodate the borrower's ability to raise sufficient debt and equity capital.

5. The interest rate for all loans shall be three-percent (3%)

6. Loan terms shall be as follows:

- Construction or purchase of building – 15 years
- Machinery and equipment purchase – 7 years
- Working capital – 5 years

APPLICANT IS RESPONSIBLE FOR PAYING ALL FEES ASSOCIATED WITH THE PREPARATION OF LOAN DOCUMENTS.

APPLICATION FOR FINANCIAL ASSISTANCE

CITY OF FARRELL REVOLVING LOAN PROGRAM

ECONOMIC DEVELOPMENT PARTNERSHIP (EDP)
REVOLVING LOAN PROGRAM

APPLICATION PROCEDURES

1. Applications are available at the City Manager's office. Six (6) copies of the completed application and accompanying information must be submitted.
2. Additional information to be submitted with application:

BUSINESS PLAN

Professionally prepared and including the following information:

- History and description of industry and operations
- Market analysis of current conditions
- Discussion of competing companies and/or products
- Proposed management, including resumes of principals
- Personnel, existing and projected employment by position, skill level, wages, benefits and date of hire
- Analysis of what project will accomplish

FINANCIAL DATA

Professionally prepared and including the following information:

- Income projections (profit and loss statements) for a three year period, detailed by month for first year and by quarter for second and third years, along with notes of explanation.
- Pro-forma cash flow projects for a three year period, detailed by month for first year and by quarter for second and third years, along with notes of explanation (assumption).
- Historical financial reports for existing businesses, including balance sheets for past three years, income statements for past three years, and/or income tax returns for past three years.
- Summary of all outstanding loans including name of lender, original loan amount, current balance, rate, term, monthly/yearly payment and security.
- Summary of collateral for this and other loans.

COST BREAKDOWN

- Complete the Source and Use Form included with this application.
- Provide cost estimates, price quotations, agreements, contracts, etc. to support all costs presented in application.
- Provide copies of sales agreements to support real estate acquisition costs.
- Provide copies of professionally prepared appraisals to support the purchase of real estate and/or used machinery and equipment, if applicable.
- Provide preliminary architectural site and building plans for new construction and/or renovation projects.

FINANCIAL COMMITMENTS

Provide copies of commitment letters from other lending sources, if available.

PERSONAL FINANCIAL STATEMENTS

Personal Financial Statements must be submitted along with the application for principals in partnerships, sole proprietorships, and closely held corporations. Personal guarantees will also be required.

PRINCIPALS/OWNERS

The names, addresses and social security numbers of all principals and stockholders with over 10% ownership must be provided.

ASSURANCES

The applicant must complete and sign the attached Certificate of Assurance.

EQUITY INJECTION

The applicant must complete and sign the attached Certificate of Equity Injection.

APPLICATION SUMMARY SHEET

A. Applicant's Firm Name: _____

Firm Address: _____

Contact Person: _____ Title: _____

Phone Number: _____ Fax Number: _____

E-mail Address: _____

B. Ownership:

Corporation

Sole Proprietorship

Partnership

C. Principal Business Activity: _____

Product Line: _____

Types of Services: _____

Date established: _____

D. Employment Data:

	Number	Annual Payroll	
Existing Jobs	_____	_____	
Jobs to be relocated	_____	_____	
Jobs to be retained	_____	_____	
Jobs to be created	_____	_____	1 st year
Jobs to be created	_____	_____	3 rd year

TOTAL JOBS AT SITE BY YEAR 3 _____

E. Project Description

Land _____ acres Building _____ square feet

Complete any that apply:

New Construction _____ Cost Estimate _____

Renovation _____ Cost Estimate _____

Acquisition _____ Cost Estimate _____

Machinery/Equip. _____ Cost Estimate _____

Working Capital _____ Cost Estimate _____

F. Loan Amount Requested: \$ _____

Total Project Cost: \$ _____

G. Method of Financing:

Lender #2-Name/Program _____
Amount requested \$ _____
Interest rate and term _____% _____ years
Application: Submitted ____ Pending ____ Approved ____
Private Equity: Amount: _____ Source: _____

Lender #3-Name/Program _____
Amount requested \$ _____
Interest rate and term _____% _____ years
Application: Submitted ____ Pending ____ Approved ____
Private Equity: Amount: _____ Source: _____

Lender #4-Name/Program _____
Amount requested \$ _____
Interest rate and term _____% _____ years
Application: Submitted ____ Pending ____ Approved ____
Private Equity: Amount: _____ Source: _____

H. Other Contact Persons:

Attorney _____ Telephone _____
Accountant _____ Telephone _____
Architect/Engineer _____ Telephone _____

I. Please provide information for spouse(s) if personal guarantees of husband and wife are being offered:

Husband _____ Wife _____
Home address _____

Husband _____ Wife _____
Home address _____

Husband _____ Wife _____
Home address _____

J. Please list lien position being offered and all senior lien positions:

Land and buildings: 1st position – lender _____
2nd position – lender _____
3rd position – lender _____

Machinery/equip.: 1st position – lender _____
2nd position – lender _____
3rd position – lender _____