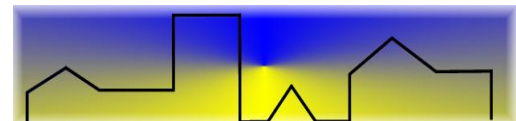




Cumberland County Economic Development (CCED) and the Cumberland County Housing and Redevelopment Authority (CCHRA) are proud to introduce Cumberland Small Business Fund. Cumberland Small Business Fund (CSBF) is funded through a combination of private and public funds with the purpose to benefit new entrepreneurs as well as established micro and small businesses in Cumberland County. The goal of Cumberland Small Business Fund is to foster economic development by providing access to affordable capital, preserve as well as promote the quality of life of our community and create as well as retain jobs.

Cumberland Small Business Fund is just another example of...

“Cumberland County working together”



Cumberland Small Business Fund (CSBF)

Program Guidelines – Version 1.4

Eligible Applicants:

- The business must be located in Cumberland County
- Business must be for-profit although non-profits may be eligible as long as the project to be financed brings an economic development benefit to Cumberland County
- Business must have 50 or less employees
- A client that cannot satisfy standard lending criteria or for whom a lending institution cannot provide all the necessary funding to a complete project

Ineligible Applicants:

- Private developers
 - Exception: Private developers could be eligible if they demonstrate to the loan officer that the funds will be used to rehab a blighted property or an existing property that is deemed important according to the shared strategies of the Redevelopment Authority and CCED
- Businesses that are deemed to be of a controversial nature by the loan officer
- Businesses or individuals that have tax delinquencies to the IRS, State of Pennsylvania, Cumberland County or local municipality
- Clients or organizations that are behind in payments to the Cumberland County Housing and Redevelopment Authority, Cumberland County Economic Development and Cumberland County Industrial Development Authority
- Clients currently delinquent on child support payments
- Unless properly secured, the CSBF can have no more than \$20,000 worth of exposure to an individual borrower

Eligible Activities:

- Real Estate – Include land and building acquisition, site preparation, environmental testing, construction, rehabilitation and other related costs.
- Machinery and Equipment – Include purchase of new or used machinery and equipment as well as delivery, installation and other related costs.

- Working Capital – Costs that support business growth and expansion including but not limited to inventory purchases, payroll expenses and other general working capital needs.

Ineligible Activities:

- Refinancing – This is generally prohibited unless the borrower is trying to refinance a debt deemed as predatory by the loan officer.
- Investor/Developer – Private developers in general are deemed ineligible applicants to this program unless the loan officer deems eligibility as described above. As a rule, the loan fund cannot be used for real estate speculation unless the owner demonstrates that more than 50% of the project site will be occupied by the private developer's business.

Application Requirements:

- 1) Completed loan application packet
- 2) A Business plan preferably reviewed by an SBDC or Entrepreneurial Center
- 3) Two years of cash flow projection explaining income and expenses preferably reviewed by an SBDC or Entrepreneurial Center
- 4) Last three years of personal tax returns including the borrowers and if applicable also the guarantors
- 5) Last three years of business tax returns if applicable

*** All information submitted to the loan officer and loan committee will be kept strictly confidential unless the applicant waives confidentiality in writing. ***

Loan Parameters:

Loan Size – Maximum \$60,000

Minimum \$10,000

Size of the loan amount will be determined in conjunction between the borrower and the loan officer. CSBF loans could be used as the only piece of financing into a project or as a gap or equity financing loan in conjunction with other private sector lending institutions, public funds, and investors. CSBF will require that the client contribution (could include sweat equity) will be no less than 10% of the project cost.

Security - CSBF loans shall be secured at the highest lien position available on one or more of the following assets: Real Estate, machinery and equipment, personal and business vehicles and business assets. In addition, unlimited personal guarantees will be required from the borrowers (anyone with 20% or more ownership in the business) and outside guarantors. CSBF loans shall subordinate lien position to conventional private lending organizations as long as the LTV does not exceed 100%. CSBF may agree to subordinate beyond 100% LTV after a review process. Only a maximum of \$10,000 may be borrowed unsecured although exceptions could be made at the discretion of the loan officer and loan committee.

Terms and Interest Rates – Loans will have terms of up to 5 years although they could be amortized for up to 10 years depending in the amount borrowed and available collateral. This would only be done as a measure to help the business improve cash flow.

Using the WSJ prime rate as a point of reference, interest rates for CSBF will be set depending on the strength of the project, the borrower's net worth, available collateral, and credit history.

Penalties – Late payments will be assessed late fees and penalized at an amount equal to 15% of the monthly payment or \$25 whichever is the greatest amount. A non-sufficient funds (NSF) payment will be charged a penalty of \$25 plus late fees.

There will be no pre-payment penalties.

Disbursement – Loans will be disbursed within 10 business days of closing as long as the borrower complies with all conditions and signs the commitment letter and appropriate loan documents.

Loan Decisions – The loan officer will be in charge of underwriting the deal and issue a recommendation. The recommendation will be then submitted for final approval to a loan committee panel which will consist of a representative of the Cumberland Housing and Redevelopment Authority, Cumberland County Economic Development and other business leaders.

Conditions of the Loan - The following conditions may be issued to the borrower:

- 1) Create a minimum of one full-time equivalent job within three years of loan closing. Borrower may need to hire at least one full-time equivalent Cumberland County resident who meets the low to moderate income guidelines as defined by HUD.
- 2) Borrower will agree to participate in marketing related activities.
- 3) No more than 50% of the real estate portion of a project may be leased to an unrelated third party without prior written consent from the lender.
- 4) If asked, borrower must agree to sign an ACH form in order to automatic debit the monthly loan payments.
- 5) The borrower will maintain insurance in all assets used to collateralize the loan naming the lender as the loss payee in the policy.
- 6) If the CSBF is collateralized with business assets and the borrower is leasing the place where the business assets are located, the borrower will be required to obtain a landlord's waiver in order to protect the lender's collateral.
- 7) All officer's debt should be subordinated to the CSBF loan.
- 8) During the term of this loan, the borrower will not incur any additional debt without written notification to CSBF.
- 9) Borrower shall inform lender of any changes in the ownership of the business fifteen (15) days prior to any change taking place.

- 10) The loan will be considered in automatic default if the business is moved outside of Cumberland County. Permission to changes in location may be issued as long as the location is within Cumberland County and written notification has been provided. Exceptions will be granted on a case-by-case basis.
- 11) Borrowers may be asked by the lender and must agree to provide annual accountant prepared tax returns within ninety (90) days of the close of the business's fiscal year. In addition, the borrower may be asked and shall provide quarterly financial statements including all income and expense statements.

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