

## REVOLVING LOAN FUND PROGRAM GUIDELINES

### PUNXSUTAWNEY AREA CHAMBER OF COMMERCE PUNXSUTAWNEY, PA

#### INTRODUCTION

The Punxsutawney Area Chamber of Commerce Loan Fund has been created in response to a need for a supplemental source of financing to support industrial and commercial development within the Punxsutawney School District limits.

This program can be utilized in conjunction with traditional sources of public financing including PIDA, PEDFA, and PCLP or can be utilized independently.

The following information outlines the requirements for participation in the Punxsutawney Area Chamber of Commerce Revolving Loan Program.

#### ELIGIBLE APPLICANTS

Loan requests will be considered from industrial and commercial businesses located in the Punxsutawney Area School District limits that commit to carrying out job producing projects within the service territory. Businesses other than manufacturers and projects outside the service area will be considered on a case by case basis by PACC.

#### JOB CREATION/RETENTION REQUIREMENTS

Applicants must commit to the creation of one new job per every \$50,000 in loan proceeds requested. All jobs must be created within three years of the date of loan closing.

Applicants requesting job retention consideration must include evidence to support an imminent reduction in employment. Retention projects will be considered only when the applicant can provide evidence of financial stability as determined by the PACC Loan Review Committee.

#### ELIGIBLE ACTIVITIES

Proceeds from the Revolving Loan Fund Program can be used for the purchase of machinery & equipment only. Loan proceeds may not be used for working capital or refinancing of existing debt.

### LOAN AMOUNT

Loan requests may not exceed 50% of total project costs or with the maximum loan being \$50,000. Eligible project costs are those that involve a new capital outlay in support of the project. Net worth or existing assets are not eligible costs. Any form of public or private financing may be used in conjunction with proceeds from the Revolving Loan Program.

The Punxsutawney Area Chamber of Commerce Loan Review Committee will make a decision relative to the project's eligibility for Revolving Loan Assistance. The Corporation may elect to deny the request for assistance or award a loan in an amount that is less than the borrower's request. The Corporation will inform the borrower of its decision, which shall be final and irreversible.

### REPAYMENT TERMS

The term for loans made by the Punxsutawney Area Chamber of Commerce Revolving Loan Program shall be determined by the use of funds as follows: machinery & equipment three to seven years depending on loan amounts to be determined between both parties.

The interest rate on loans made by the Punxsutawney Area Chamber of Commerce Revolving Loan Program shall currently be based on the Wall Street Journal Prime, set and established by the Corporation and reviewed from time to time.

The repayment schedule for loans made by the Punxsutawney Area Chamber of Commerce Revolving Loan Program shall be as follows:

1. Interest and principal monthly payment over the term of the loan.

### LOAN SECURITY

For projects involving the financing of machinery and equipment, a UCC financing Statement and Promissory Note will be required.

Loans will be secured with a lien on assets in the amount of 120% of the loan commitment.

### LOAN REVIEW PROCEDURE

The Punxsutawney Area Chamber of Commerce will accept applications and arrange interviews with interested businesses. The purpose of the interview will be to assemble a complete loan package that contains all articles of documentation needed for final review. All applications will be processed in a prompt and timely manner.

The applicant will be notified in writing of action taken by the Punxsutawney Area Chamber of Commerce relative to the request for assistance. A loan agreement will be issued to successful applicants. The agreement will identify the interest rate and other terms and conditions of the loan. Applicants will be given a thirty day period to accept the loan agreement. A closing will be scheduled within thirty days of acceptance by the borrower.

### DISBURSEMENT OF FUNDS

Funds for machinery & equipment will be disbursed upon submission of invoices. If invoices are not presented at closing, then the loan proceeds will be drawn down upon submission of invoices and properly executed forms.

### APPLICATION/ADMINISTRATIVE FEES

A non-refundable application-processing fee of \$100.00 will be required of each applicant at the time of application submission. A fee equal to 1% of the outstanding balance of the loan will be charged **annually** with the first annual fee collected at the time of loan closing. The borrower will be responsible for all-legal fees and closing costs associated with the loan received by the Punxsutawney Area Chamber of Commerce.

### LATE FEES

Payments are late when they are ten (10) days or more past due. A 3 percent (3%) late payment fee must accompany late payments. Any late payment which is due and payable to the Punxsutawney Area Chamber of Commerce and does not accompany the monthly payment will be treated as an account receivable and will be subject to an interest penalty of two percent (2%) for each month the payment remains unpaid.

### PENALTY FOR FAILURE TO MEET EMPLOYMENT PROJECTIONS

Borrowers who fail to meet their original employment projections will be penalized in order to encourage compliance with program objectives. The penalty will be in the form of an adjustment to the loan's rate of interest equal to New York Prime as listed in the Wall street Journal plus one percent (1%) for the remaining of the term of the loan.

### ANNUAL REPORTING

Each loan recipient will be required to submit an annual report of its progress in meeting the job creation requirements. Each recipient will be required to submit a copy of current payroll records along with a copy of a financial statement from the most recent fiscal period.

### EQUAL OPPORTUNITY

The Punxsutawney Area Chamber of Commerce is an Equal Opportunity Lender. For those with hearing disabilities interested in applying to the PACC Revolving Loan Program, please contact the State Relay Service at 800-654-5984.

