

MONROE COUNTY REVOLVING LOAN FUND

PROGRAM GUIDELINES

AND

LOAN APPLICATION

OFFICE OF MONROE COUNTY COMMISSIONERS
MONROE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
REDEVELOPMENT AUTHORITY OF MONROE COUNTY

NOVEMBER 1, 1993

**MONROE COUNTY REVOLVING LOAN FUND (MCRLF)
APPLICATION PROCEDURES**

- A. The borrower will submit the Monroe County Revolving Loan Fund (MCRLF) loan application to the Monroe County Industrial Development Authority (MCIDA), which services the county loan program.
- B. The MCIDA will review the application to ensure that it meets the basic eligibility criteria.
- C. The MCIDA will conduct a financial and program review according to the established guidelines and evaluation criteria. Upon review by the MCIDA, the application will then be submitted to the County Commissioners for review and approval. Upon County approval, the application will then be submitted to the Dept. of Community and Economic Development (DCED).
- D. The completed application is to be submitted induplicate and shall include all of the materials identified in the MCRLF Application checklist.
- E. The MCIDA will review each application in the order that it is received.
- F. The MCRLF 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 MCRLF's commitment will be good for a period of 90 days from date of approval and may be extended upon request for an additional 90 days.
- G. Upon Formal approval by the Monroe County Commissioners, the Redevelopment Authority of Monroe County (RAMC) will encumber the funds and arrangements for disbursement may then be made.
- H. Before the RAMC will request the funds to be drawn from the account the MCIDA will ensure and confirm in writing, 20 calendar days prior to the closing date:
 - 1. that all other sources of funding 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
- I. Any material changes in the project application, collateral, or terms must be reviewed by the MCIDA, recommended to, and approved by the County Commissioners and DCED.
- J. The MCIDA will make arrangements to close the loan using closing documents provided by the MCRLF. Loans must close within seven (7) days of the selected closing date; otherwise, the funds will return to general account.
- K. Disbursement Procedures
 - 1. Loans will be disbursed at the loan closing between the County and the borrower, unless other mutually agreeable arrangements are made.
 - 2. Interest-only will be charged for the period from the closing to the first of the next month. Principal and interest is due the first of the following months thereafter.

3. Escrow accounts must be established when the MCRLF project includes working capital or when otherwise directed by the MCRLF. No escrow account may extend beyond 12 months without the prior written consent of the MCRLF.
4. Prior to disbursement, either directly at closing or through an escrow account, the MCIDA must certify that all other sources of funding are in place and that the use of those funds remain unchanged from those identified in the project application.

L. Monitoring Procedures

1. 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.

As Issued from Housing and Urban Development (HUD):

The following table is for use in determining the eligibility of a new hire under the parameters set for the Monroe County.

Monroe County Housing Choice Income Limits

Income Classification	Income Limits By Number of Persons Per Household							
	1 PER	2 PER	3 PER	4 PER	5 PER	6 PER	7 PER	8+ PER
LOW-MODERATE	37,700	43,100	48,500	53,850	58,200	62,500	66,800	71,100

Employee Name: _____

Job Category: _____

I hereby certify that the number of people in my household size is _____ and my annual household income is \$ _____ .

I also acknowledge that this information is subject to verification by authorized government officials and submit the attached documentation to substantiate my declaration (check one):

- W-2
- Welfare Case # : _____
- SSI/Assistance Record
- Pension/Pay Stub

Employee Signature

Date

Authorized Company Representative

Date

MONROE COUNTY INDUSTRIAL REVOLVING LOAN FUND

Monroe County, Pennsylvania has created an Industrial/Business Revolving Loan Fund administered through the Monroe County Industrial Development Authority (MCIDA) to provide low-interest partial financing for eligible businesses and industries in designated portions of the County.

Because the County is utilizing Federal Community Development Block Grant and State funds to capitalize its Revolving Loan Fund, certain procedures, guidelines and criteria must be adhered to by each Revolving Loan Fund recipient.

The following information sets forth the major procedural, administrative, and legal elements of the Revolving Loan Fund.

Low Moderate Income Employment-Each applicant for a RLF Loan must address hiring low to moderate-income employees. The applicant will be required to enter into a legally binding agreement with the County agreeing to hire at least 51% low to moderate income employees. Monroe County, section 8 income guidelines will be made a part of the agreement.

Applicants must adhere to an Employment Schedule within 3 years from loan agreement. The RLF recipient must verify 51% low/moderate employment. Actual employment may vary depending on the use of the loan, start up, and other circumstances unique to the industry.

Failure to comply with the employment agreement will necessitate the County calling the loan or imposing retroactive interest penalties (Prime plus 2% as printed daily in the NY Times). Mitigating circumstances of the RLF recipient will be considered by the County in assessing interest penalties.

Revolving Loan Fund Target Area- The County will offer its loan resources to business and industry located in the County. New facilities planned for the County's Industrial Park, for example, could be eligible if significant numbers of jobs are created and the applicant agrees to adhere to all other guidelines.

Private Sector Participation-The County of Monroe has designed its Revolving Loan Fund with the intent that all applicants should also have private sector financing involved in the total loan package.

Civil Rights Compliance-The County and all recipients of loans from said funds will certify that they will comply with Title VI of the Civil Rights Act of 1964, public law 92-65 and all requirements holding that no person in the United States shall, on the grounds of race, color, national origin, age or sex be excluded from participation in, be denied benefits of, or be subject to discrimination in any program or activity for which Federal Financing Assistance can be extended. No loan shall be made to an applicant unless the applicant will certify in writing to the County Revolving Loan Fund that he/she will not discriminate against an employee or against any applicant for employment because of race, religion, color, national origin, sex or age including, but not limited to, the following: employment, upgrading or promotional transfer, recruitment, or recruitment advertising, layoffs, or termination, rates of pay or other form of compensation and selection for training, including apprenticeship. A standard set of assurances and conditions will be developed and incorporated into the Revolving Loan Fund application form.

Loan Fees-Application, Legal, Closing-The applicant must agree to pay at closing, legal fees not to exceed \$500, an application fee of \$50 and a processing fee not to exceed ¼ of one percent of the loan proceeds. Application fees are not refundable.

Required Financial Information-Complete financial information, both business and personal, will be required of all applicants for RLF's. Some or all of the following information will be required:

- A. Pre-application;

- B. An investigative report to be completed if necessary;
- C. A business plan including a three (3) year pro-forma, three (3) years balance sheets, three (3) years showing profit/loss and three (3) years of cash flows;
- D. Three years of historical financial statements;
- E. Market studies (particularly for new start-ups);
- F. Financial information certifying that the loan is both necessary and appropriate;
- G. Sources of other financing
- H. Bank denial letter

Conditions of Financing

- A. Security or collateral for the loans will be required, however the level of security will depend upon the individual needs of the applicant;
- B. A fixed FLF loan interest rate will be calculated within the Letter of Offer from the County. The rate will be set no lower than current Pennsylvania Industrial Development Authority Financing rate.
- C. The repayment terms will not exceed 7 years on machinery and equipment, and variable but shorter terms for working and start-up capital.
- D. Personal guarantees may be required.
- E. A promissory note will be required.
- F. A term loan agreement will be required.
- G. Monroe County Loan Funds will require all goods and services be supplied from businesses located in or owned in substantial part by Monroe County area residents whenever possible.

Loan Limitations

- A. The Revolving Loan Fund Program will only participate in projects, which create and retain jobs. Projects to increase efficiency, improve appearance, increase sales, or revenues without jobs will not be eligible.
- B. Deferred payments of principle 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.
- C. Loans may be assumable if the new purchaser applies and qualifies under the policy guidelines and loan conditions of the Revolving Loan Fund. However, should the purchaser be declared ineligible for Revolving Loan Fund assistance, the Revolving Loan Fund loan immediately will become due and payable in full.
- D. Pre-payment will be allowed without penalty.
- E. All projects must adhere to all local, state and federal environmental control standards, 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
- F. All loans must be both "necessary and appropriate" as determined by the Federal Department of Housing and Urban Development and the State DCED.

Other Revolving Loan Fund Requirements

1. A business is defined as any person, partnership, cooperative or corporation engaged in manufacturing, retaining or servicing a product for profit.
2. The County Revolving Loan Fund investments will emphasize financing of business expansion projects for County "private for profit" manufacturing firms. The County will give consideration to developing advanced technology type industries or job creation service industry projects.

3. The investment must stimulate a minimum 10% ratio of other investments to County RLF Loan.
4. 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.
5. Each applicant must inject a minimum equity of 10% of the total project cost.
6. For each \$15,000 of the RLF Loan, the applicant must guarantee the creation or retention of one (1) job. The maximum loan for the County will be \$100,000.
7. The loan must be both necessary and appropriate as determined by the State DCED the Federal Housing & Urban Development (HUD) Guidelines.

Use of Loan Funds-Loan proceeds may be used for the following purposes (this list of uses in not all inclusive).

1. Machinery and Equipment purchases and related expenses, including engineering;
2. Working capital;
3. Product development;
4. Pollution control equipment

Other Documentation-As part of the County's Revolving Loan Fund administration, additional documents, assurances and contracts may be required. In addition to standard loan closing documents, various forms may be required to support the "Necessary and Appropriate" guidelines as dictated below:

The County requires that all Revolving Loan Fund applicants seeking low-interest loans from the County Community Development Block Grant-Revolving Loan Fund first obtain approval from the Pennsylvania DCED in Harrisburg. Approval shall be based upon established County Revolving Loan Fund criteria, but shall specifically be based upon the Pennsylvania DCED determination that the loan request comply with the "necessary and appropriateness" standards as promulgated by the U.S. Department of Housing and Urban Development and enforced by the State of Pennsylvania.

The requirement shall become an integral part of the applicant's presentation and application supporting documentation. The County may then either deny the loan request or approve said request, but only after the State DCED has made its decision. The County Board of Commissioners has no authority to approve a loan if it has first been rejected by the Pennsylvania State DCED or the Federal Government.