



CITY OF NEW CASTLE, PENNSYLVANIA

**ENTERPRISE ZONE
REVOLVING LOAN FUND
APPLICATION**

Revised 12/06/2018

LOAN FUND DESIGN CRITERIA
ENTERPRISE ZONE LOAN

1. The business enterprise must be located within the City of New Castle Enterprise Zone.
2. The City of New Castle, Pennsylvania Enterprise Zone Loan Fund will fund up to sixty-six percent (66%) of the project up to \$250,000.00. Private investment must include at least five percent (5%) cash equity (see attached form).
3. For every \$25,000.00 of loan funds, the applicant must show the creation of one job or one job retained.
4. The loan funds may be used by the applicant for any of the following eligible activities:
 - a. Land and/or building acquisition, preparation and associated expenses such as engineering and legal costs;
 - b. Building construction and/or renovation;
 - c. Machinery and equipment purchase and related expenses including engineering costs;
5. The conditions of financing are as follows:
 - a. A Personal Guarantee may be required and a shared lien position with any other lending source of project funding. Generally, other security or collateral will be required. The required agreements include: a Mortgage Note, Mortgage, Security Agreement, and Agreement.
 - b. A fixed loan fund interest rate will be two percent (2%).
 - c. The repayment terms will not exceed fifteen (15) years on land and building, and ten (10) years on machinery and equipment.
6. The purpose of the Enterprise Zone Loan Program is to provide a source of financing which is not available in the private sector. The business **must** be credit-worthy. The purpose of this program is to pursue economic development activities through public/private investment initiatives that will result in the development and expansion of job opportunities for the City.
7. Complete financial information, both business and personal, will be required of all applicants. Some, or all, of the following information will be required:
 - a. An application;
 - b. A business plan;

- c.** Financial statements;
 - d.** A projected one (1) year Cash Flow Statement (month by month) which includes new debt service.
- 8.** Other loan fund limitations:
 - a.** The Loan Fund Program will only participate in the projects which create or retain jobs. A minimum total investment of \$45,000.00 is required for participation in the program.
 - b.** Prepayment will be allowed without penalty.
- 9.** A business is defined as any person, partnership or corporation engaged for profit in manufacturing a product or providing a service which is exported outside of Lawrence County.
- 10.** The selection criteria, including application requirement procedures, are as follows:
 - a.** Community Development will accept loan requests on a continuing basis.
 - b.** The Community Development staff will initially review all loan requests for funding availability and also to ensure the project meets the loan criteria.
 - c.** A copy of the application will be submitted to the Loan Review Committee for their recommendation.
 - d.** Approvals will be by City Council resolution.
- 11.** 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 loan and fund assistance, the existing loan will immediately become due and payable in full.
- 12.** The establishment of loan funds is generated from the State Enterprise Development Funds and/or loan repayments of other Enterprise Zone loans.
- 13.** Any and all obligations owed to the City of New Castle must be paid before the loan is processed.

CITY OF NEW CASTLE, PENNSYLVANIA

UNDERSTANDING THE APPLICATION, REVIEW AND CLOSING PROCESS

APPLICATION PROCESS

All applications must be **TYPED AND COMPLETE WITH EXHIBITS ATTACHED AT THE TIME OF SUBMITTAL**. Incomplete and/or handwritten applications will not be presented to our loan review committee. Completed applications should be submitted to our office at the Municipal Building, 230 North Jefferson Street, New Castle, PA 16101-2220.

Information substantiating total project cost must be included. This consists of, but is not limited to:

- Itemized contractor's bid for construction or renovation
- Quotes for equipment to be purchased
- Sales Agreements

Commitment letters from any and all participating lenders must be included with the application at the time of submittal.

- Non-refundable application fee of One Hundred Dollars (\$100.00).

REVIEW PROCESS

Loan review meetings are held on an as-needed basis. An officer of the business will be required to attend the meeting to make a brief presentation of the project and answer any questions the committee may have. Applicants are notified by telephone as to whether their request for credit has been approved or declined by the loan review committee. After local approval by City Council, the loan process proceeds as follows:

A letter of commitment is prepared by the City and is forwarded to the applicant for signature. This letter states collateral requirements, terms of the loan, etc. After the borrower has executed the commitment letter and it is returned to our office, preparation of standard closing documents is commenced by our legal counsel.

It is of utmost importance that both the borrower and the borrower's attorney review the commitment letter and closing instructions carefully. Familiarity with such greatly enhances the closing process.

LOAN CLOSING

The City of New Castle will not supplant private financing. Therefore, **our loan proceeds will not be disbursed until and unless all private financing and equity portions have been injected.** Proof of injection and/or expenditures will be required at closing. If such is not provided, the loan proceeds will be placed into an escrow account. After a loan has been closed and placed in escrow, the borrower is responsible for repayment of the loan as outlined in the Note.

All loan closings are held at the Municipal Building, 230 North Jefferson Street, New Castle, PA, and are typically attended by the borrower and (at the borrower's discretion) the borrower's legal counsel.

- Closing fee - one half of one percent (.5%) of loan amount (\$500.00 maximum)

I have read and understand all of the above.

Signature

Date

**CITY OF NEW CASTLE
ENTERPRISE ZONE
REVOLVING LOAN FUND**

I. APPLICANT INFORMATION

BORROWER (applicant) _____

OWNER'S NAME (type "same" if same as borrower) _____

CONTACT PERSON _____ **TITLE** _____

BUSINESS ADDRESS _____

CITY _____ **STATE** _____ **ZIP** _____

HOME TELEPHONE (____) _____ **BUSINESS TELEPHONE** (____) _____

PRINCIPAL BUSINESS ACTIVITY _____

DATE COMPANY WAS FOUNDED _____

DATE INCORPORATED (if incorporated) _____

TYPE OF BUSINESS:

☐ Corporation

☐ Proprietorship

☐ Partnership

☐ Limited Partnership

☐ Sub Chapter-S Corporation

ADDITIONAL BUSINESS INFORMATION:

Social Security Number: _____ **SPOUSE:** _____

Employer Identification Number (EIN) _____

☐ Woman Owned

☐ Minority Owned

BORROWER'S ATTORNEY:

NAME: _____

ADDRESS: _____

PHONE NUMBER: (____) _____

FAX NUMBER: (____) _____

BRIEF HISTORY OF THE COMPANY:

THREE REFERENCES:

DUNN AND BRADSTREET - _____

LOCAL BANKING INSTITUTIONS - _____

VENDORS - _____

PROPOSED COLLATERAL FOR LOAN:

☐ Mortgage on Land/Building (Describe) _____

☐ UCC's Filed on Machinery/Equipment (Describe) _____

☐ Personal Guarantees from Owners and Spouses (if applicable) -

List: _____

Describe any existing Liens on this collateral: _____

OWNERSHIP: (List the Names and the Percent (%) of Ownership)

IF A CORPORATION - Officers and Management:

President: _____

Vice- President: _____

II. PROJECT DESCRIPTION

Describe how the Project will affect your current operation and productivity:

(A PURCHASE OF LAND AND BUILDING

Location _____

Purchase Price \$ _____ Appraisal Value \$ _____

Square Feet _____ Site Size _____

Will any space be subleased? ☐ Yes ☐ No

If yes, amount of square feet to be subleased _____ /annual rate \$ _____

☐ Environmental Concerns (check if applicable and explain on a separate sheet)

(B) BUILDING CONSTRUCTION/SITE IMPROVEMENTS

Location _____

Construction Cost \$ _____ Square feet _____

Site Size (Acres) _____

Contractor _____

Land Cost \$

Will any space be subleased? ☐ Yes ☐ No

If yes, amount of square feet to be subleased _____/annual rate \$ _____

(C) MACHINERY AND EQUIPMENT (attach copies of price quotations to support the cost presented)

1) Machinery and Equipment to be financed, including make, model and cost:

[illegible]

BREAKDOWN OF PROJECT	
DESCRIPTION:	AMOUNT:
Land and Building	\$
Machinery and Equipment	\$
Construction/Renovation	\$
Signage	\$
Demolition	\$
TOTAL	\$

III. SOURCE AND USE OF FUNDS

SOURCE OF FUNDS					USE OF FUNDS		
Lender	Amount	Term	Rate	Yearly Pymt.	Land & Bldg.	Mach. & Equip.	TOTALS
Bank							
Other							
Other							
Cash Equity		-----	-----	-----			
City EZP Loan							
TOTALS		-----	-----				

IV. COMPANY MARKETING INFORMATION

DESCRIPTION OF PRODUCT OR PRIMARY BUSINESS OF THE COMPANY: _____

COMPANY GEOGRAPHIC MARKETING STRATEGY: _____

COMPANY'S MAJOR CUSTOMERS:
(list at least 3)

LOCATION:

% OF SALES:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

COMPANY'S MAJOR COMPETITORS:
(list at least 3)

LOCATION:

_____	_____
_____	_____
_____	_____
_____	_____

COMPANY'S MAJOR SUPPLIERS:
(list at least 3)

LOCATION:

_____	_____
_____	_____
_____	_____
_____	_____

V. ECONOMIC IMPACT - Project Site Employment - Existing and Projected

EXISTING:

Job Titles	Number of Employees	Avg Wk Worked Prior 12 Months	Avg Hr/Wk Compensated Prior 12 Months	Total Compensated Hours
	X		X	
	X		X	
	X		X	
	X		X	
	X		X	
	X		X	
TOTAL				/ 1950=

Number of Full Time Equivalent Employees: _____

Estimated Annual Payroll: \$ _____

TOTAL Represents 12 Month Period From _____ through _____

NEW JOBS WITHIN ONE YEAR:

(Do Not Include Jobs Listed Above)

Job Titles	Number of Employees	Avg Wk Worked Prior 12 Months	Avg Hr/Wk Compensated Prior 12 Months	Total Compensated Hours
	X		X	
	X		X	
	X		X	
	X		X	
	X		X	
	X		X	
TOTAL				/ 1950=

Number of Full Time Equivalent Employees: _____

Estimated Annual Payroll: \$ _____

TOTAL Represents 12 Months After Loan Closing

NEW JOBS WITHIN THREE YEARS:

(Include Jobs Created in First Year)

Job Titles	Number of Employees	Avg Wk Worked Prior 12 Months	Avg Hr/Wk Compensated Prior 12 Months	Total Compensated Hours
	X		X	
	X		X	
	X		X	
	X		X	
	X		X	
	X		X	
TOTAL				/ 1950=

Number of Full Time Equivalent Employees: _____

Estimated Annual Payroll: \$ _____

VI. PROJECT IMPACT:

Total existing employment (including parent, subsidiaries and affiliates):

Pennsylvania _____ Worldwide, including Pennsylvania _____

Employment The Site Only	Un- skilled	Semi- skilled	Skilled	Total	Annual Payroll	Annual Average Wage	Average Weekly Hour Worked
Existing Employment (Include jobs transferred to the site)							
New Employment First Year Only (do not include existing employment)							
New Employment in Three Years (include one year projections but do not include existing employment)							

	First Year	Second Year	Third Year	Total at End of Five Years
Total increase in sales				
Increase in out-of-state sales				
Sales Captured from out-of-state competition				

VII. ASSURANCES

- A. I/We certify that all information in this application and the exhibits is true and complete to the best of MY/OUR knowledge and is submitted to the City of New Castle so the City of New Castle can decide whether to grant a loan or participate with a lending institution in a loan to ME/US.
- B. I/WE certify that, upon disbursement of the City funds, new equity in an amount not to be less than ten percent (10%) of the total project cost will be injected as a part of this project.
- C. I/WE certify that, with respect to this project, commencement will not occur prior to the submission of the application and written approval by the Administrator.
- D. I/WE give the assurance that this project is in compliance with all local, state, and federal environmental and zoning regulations. I/WE further certify that the business is not currently under citation for pollution violations and that all applicable future antipollution standards shall be met.
- E. I/WE authorize disclosure of all information submitted in connection with this application to the financial institution agreeing to participate in the loan.
- F. I/WE give the assurance that I/WE shall now and throughout the term of this loan provide any and all information requested by City personnel for the purposes of monitoring MY/OUR loan and evaluating the City program and its impact.
- G. As consideration for any management and technical assistance that may be provided, I/WE waive all claims against the City of New Castle and its consultants.
- H. **AUTHORITY TO COLLECT PERSONAL INFORMATION:** This information is provided pursuant to Public Law 93-570 (Privacy Act 1974).
- I. **EFFECTS OF NON-DISCLOSURE:** Omission of any items means your application may not receive full consideration.

I HAVE READ AND AGREE TO THE ABOVE ASSURANCES.

If applicant is a PROPRIETOR OR GENERAL PARTNER, sign below:

By:

Date

If applicant is a CORPORATION, sign below:

Company Name

Date

By: _____

Signature of President

ATTESTED BY:

Signature of Corporate Secretary

VIII. CERTIFICATE OF CASH EQUITY INJECTION

The undersigned hereby certifies that, in compliance with the City of New Castle, Pennsylvania, guidelines, the sum of \$_____ will be injected into this project by my company before the disbursement of any City funds.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the undersigned have hereunto affixed their hands.

Date

Signature

Title

EXHIBITS

Exhibit 1 Attach copies of the signed Bids/Quotations, contractor estimates, sales agreements, or engineer estimates that verify project cost estimates. Bids must be current and dated.

Exhibit 2 Attach funding commitment letters from all other project funding sources (including equity commitments). Letters should include the applicable term, rate, and collateral conditions, and must be signed and dated.

Exhibit 3 Attach financial statements of the Company, parent company, and any other proposed guarantors, if any, for the last three years of operation and complete tax returns.

One-year proforma, which includes balance sheet, income statement, cash flow statement, and notes to financials. (Project remainder of this fiscal year and all of next fiscal year.)

In-house statements within ninety (90) days.

Start-up companies must provide a three-year financial proforma.

Financial statements should include balance sheets, income statements, cash flow statements, and notes.

Exhibit 4 Attach personal financial statements and resumes for any principals having ownership of twenty percent (20%) or greater in the Company and complete tax returns (one year). The personal financial statements should not be more than six months old and must be signed and dated. (You may use the attached template for your personal Financial Statements or submit your own.)

Exhibit 5 For Projects Involving Construction or Acquisition of a Facility by a Business - Provide the following information, if appropriate:

- a. If the project involves building acquisition, a complete appraisal of the building is needed. In some instances an Appraisal Brief may be substituted in lieu of the appraisal. The appraisal must be no more than six (6) months old.
- b. If the project is for an expansion to an existing facility, list the size of the current facility and ownership and the size of the expansion. If there is an existing mortgage, provide an appraisal brief and a letter from the mortgagee noting the original loan amount, current balance, purpose of the mortgage debt, and maturity date.
- c. If the project involves construction or acquisition of an additional building, note the size and location of the current facility and the distance between the current and new facility, the reason for relocation, and the number of full-time equivalent employees from each current facility that will be transferred to the new site.

- d. A copy of the executed sales agreement for land and/or building acquisition.
- e. Provide a letter identifying the current zoning of the project site and any pending issues regarding the project's compliance with local zoning or subdivision ordinances.

Exhibit 6 Summary of outstanding business loans including: Amount, Remaining Balance, Interest Rate, Term, Monthly Payment, Maturity and Security. Check appropriate box:

☐ Attached ☐ Does Not Apply

Exhibit 7 If an existing business, receipts from paid City, County, and School property taxes and Sanitation bills. Check appropriate box:

☐ Attached ☐ Does Not Apply

Exhibit 8 Details of any bankruptcy or insolvency proceedings against company, or principals. Check appropriate box:

☐ Attached ☐ Does Not Apply

Exhibit 9 Details of any pending lawsuits. Check appropriate box:

☐ Attached ☐ Does Not Apply

Personal Financial Statement

*Balance Sheet as of _____

ASSETS	AMOUNT(S)	LIABILITIES	AMOUNT(S)
Cash in Bank (including money market accounts, CD's, etc.)	\$	Secured Notes payable to Bank	\$
		Unsecured Notes Payable to Others (Schedule E)	
		Accounts Payable (credit cards and finance company)	
Readily Marketable Securities (Schedule A)		Notes Due: Partnership (Schedule D)	
Non-Readily Marketable Securities (Schedule A)		Taxes Payable	
Accounts and Notes Receivable		Mortgage Debt (Schedule C)	
Net Cash Surrender Value of Life Insurance (Schedule B)		Life Insurance Loans (Schedule B)	
Residential Real Estate (Schedule C)		Other Liabilities (List):	
Real Estate Investments (Schedule C)			
Partnerships/PC Interests (Schedule D)			
IRA, Keogh, Profit Sharing and Other Vested Retirement Accts.			
Deferred Income (number of years deferred _____)			
Personal property (including automobiles)			
Other Assets (List):			
		TOTAL LIABILITIES	
	\$	NET WORTH	\$

CONTINGENT LIABILITIES	YES	NO	AMOUNT
------------------------	-----	----	--------

Are you a guarantor, co-maker or endorser for any debt of an individual, corporation or partnership?	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Do you have any outstanding letters of credit or surety bonds?	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Are there any suits or legal actions pending against you?	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Are you contingently liable on any lease or contract?	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Are any of your tax obligations past due?	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
What would be your total estimated tax liability if you were to sell your major assets?			\$ _____
If yes for any of the above give details:			

SCHEDULE A - ALL SECURITIES (including non-money market mutual funds)
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Readily Marketable Securities (Including U.S. Governments and Municipals)*

No. of Shares (Stock) or Face Value (Bonds)	Description	Owner(s)	Where Held	Cost	Current Market Value	Pledged	
						Yes	No
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>

Non-Readily Marketable Securities (Closely Held, Thinly Traded or Restricted Stock)

No. of Shares (Stock) or Face Value (Bonds)	Description	Owner(s)	Where Held	Cost	Current Market Value	Pledged	
						Yes	No
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>

SCHEDULE B - INSURANCE
LIFE INSURANCE (use additional sheet if necessary)

Insurance Company	Face Amount of Policy	Type of Policy	Beneficiary	Cash Surrender Value	Amount Borrowed	Ownership

DISABILITY INSURANCE	APPLICANT	CO-APPLICANT
Monthly Distribution if Disabled		
Number of Years Covered		

SCHEDULE C
PERSONAL RESIDENCE & REAL ESTATE INVESTMENTS, MORTGAGE DEBT
(MAJORITY OWNERSHIP ONLY)

Personal Residence (Property Address)	Legal Owner	Purchase Yr. /Price	Market Value	Present Loan Balance	Interest Rates	Loan Maturity Date	Monthly Payment	Lender
Investment (Property Address)	Legal Owner	Purchase Yr. /Price	Market Value	Present Loan Balance	Interest Rate	Loan Maturity Date	Monthly Payment	Lender

SCHEDULE D - PARTNERSHIPS
(LESS THAN MAJORITY OWNERSHIP FOR REAL ESTATE PARTNERSHIPS)

Type of Investment	Date of Initial Investment	Cost	Percent Owned	Current Market Value	Balance Due on Partnerships Notes, Cash Call	Final Contribution Date
Business/Professional (indicate name)						
Investments (Including Tax Shelters)						

SCHEDULE E - NOTES PAYABLE

Due to	Type of Facility	Amount of Line	Secured Yes / No	Collateral	Interest Rate	Maturity	Unpaid Balance
			<input type="checkbox"/> <input type="checkbox"/>				
			<input type="checkbox"/> <input type="checkbox"/>				
			<input type="checkbox"/> <input type="checkbox"/>				
			<input type="checkbox"/> <input type="checkbox"/>				

*If not enough space, attach a separate schedule or brokerage statement and enter totals only.

**Note: For investments which represent a material portion of your total assets, please include the relevant financial statements or tax returns, or in the case of partnership investments or S-corporations, Schedule K-1's.