

Franklin County First Fund (FCFF)

Loan Guarantee

Program Guidelines

Franklin County Area Development Corporation
1900 Wayne Road
Chambersburg, PA 17202
Phone: (717) 263-8282
Fax: (717) 263-0662

Current as of January 1, 2017

FCFF LOAN GUARANTEE PROGRAM

Applications: The FCFF Loan Guarantee program is modeled after a similar program by the Small Business Administration (SBA). Conventional lenders shall complete and submit the FCFF Loan Guarantee application to the FCADC office along with all requested documents. The application will be presented by the lender's loan officer to the FCADC Loan Review Committee for consideration of approval.

Loan Guarantee Program:

- **Loan Guarantee Amount:** The FCFF Loan Guarantee shall be used to encourage lenders to make loans to small businesses. The FCFF can guarantee up to 50% of the lenders loan loss, not to exceed \$75,000, whichever is less.
- **Loan Interest Rate:** To be determined by the lender.
- **Loan Term:** To be determined by the lender and acceptable to the FCADC Loan Review Committee, however an FCADC guarantee cannot extend beyond 5 years.
- **Loan Guarantee Fee:** The FCADC shall charge a fee of 2.5% of the guaranteed FCADC loan portion commencing on the loan closing date. Annually thereafter on the anniversary of the loan closing date, a 2.5% fee of the balance which is guaranteed by the FCADC shall be due and **remitted to the FCADC without demand. The Loan Guarantee fee shall be assessed and remitted to the FCADC by the lender** as this is a program between the lender and the FCADC. The lender (and or borrower at Lender's discretion) shall be responsible for any FCADC legal fees that may be required as part of a Loan Guarantee agreement.
- **Loan Reporting:** The FCADC reserves the right to require appropriate annual and interim financial statements for each loan. **Additionally, the Bank shall forward a payment history report at the end of each calendar quarter and provide year-end balances on the guaranteed loan without demand.**
- **The aggregate amount of outstanding FCFF Loan Guarantees shall not exceed \$750,000.**

Area Eligibility: FCFF Loan Guarantee borrowers must be located or agree to locate within Franklin County, Pennsylvania **prior** to the disbursement of the loan. Should the borrower for whom the FCFF Loan Guarantee is in effect relocate outside of Franklin County prior to the loan being paid in full, the FCADC reserves the right to terminate its guarantee.

Eligible Borrowers: To qualify for financing through the FCFF Loan Guarantee Program, a business must be for-profit, have one hundred (100) or fewer employees (including any related or affiliated businesses), and reflect a tangible net worth of less than \$2,000,000 at the time of application.

Eligible Activities/Costs:

Real Estate: Those costs which include building or land acquisition, site preparation, building construction, leasehold improvements/renovations, environmental testing, infrastructure, engineering, architectural, legal, or other related costs.

Machinery & Equipment: Those costs which include the purchase, delivery, and installation of machinery and equipment directly related to the operation of the business.

Working Capital: Those costs which support business growth and expansion and include, but are not limited to inventory purchases, hiring of new personnel, and training costs.

Ineligible Activities/Costs:

Refinancing: The refinancing of existing business and personal debt is prohibited.

Investor/Developer: FCFF Loan Guarantee cannot be used for real estate speculation.

FEE STRUCTURE

FRANKLIN COUNTY FIRST FUND (FCFF) LOAN GUARANTEE PROGRAM

Application\$250

FCADC Legal Closing Costs \$250 (If Applicable)

Annual Loan Guarantee Fee2.5% of the total outstanding
loan balance which is guaranteed by the FCADC is
due on the date of the loan closing. The fee is then
due annually on the anniversary of the loan closing
date until such time the loan is paid in full.

The fee shall be assessed and remitted by the lender without demand.

By signing below, I acknowledge and understand the FCFF Loan Guarantee Fee structure.

Conventional Lender Name

Bank Name

Date

Effective January 1, 2017

FRANKLIN COUNTY FIRST FUND (FCFF) LENDER'S APPLICATION FOR LOAN GUARANTEE

PART I – TO BE COMPLETED BY LENDER ON BEHALF OF THE APPLICANT

| | |
|-----------------------|--------------|
| BUSINESS NAME: | TELEPHONE #: |
| CONTACT NAME & TITLE: | FAX #: |
| MAILING ADDRESS: | EMAIL: |
| PURPOSE OF LOAN: | NAICS CODE: |

PART II – TO BE COMPLETED ON BEHALF OF LENDER

| | |
|--------------------------|--------------|
| NAME OF LENDER: | TELEPHONE #: |
| NAME & TITLE OF OFFICER: | FAX #: |
| MAILING ADDRESS: | EMAIL: |

PART III – WE, THE LENDER, PROPOSE THE FOLLOWING TERMS:

| | | |
|-------------------------|--|----------------|
| AMOUNT OF LOAN: | TERM OF LOAN: _____ MONTHS | INTEREST RATE: |
| MONTHLY PAYMENT AMOUNT: | PAYMENT BEGINNING _____ MONTH FROM DATE OF NOTE | |

THE FOLLOWING INFORMATION IS REQUIRED TO PROCESS A LOAN GUARANTEE REQUEST :

1. APPLICATION FORM
2. BUSINESS PLAN
3. CURRENT PERSONAL FINANCIAL STATEMENT OF ALL PRINCIPALS WITH 20% OR MORE OWNERSHIP INTEREST IN THE COMPANY
4. PAST 3 YEARS PERSONAL TAX RETURNS OF ALL PRINCIPALS WITH 20% OR MORE OWNERSHIP INTEREST IN THE COMPANY
5. PAST 3 YEARS BUSINESS TAX RETURNS
6. CURRENT YEAR-TO-DATE PROFIT & LOSS AND BALANCE SHEET
6. BANK WRITE-UP/LOAN PRESENTATION PACKAGE
7. BANK COMMITMENT LETTER

I APPROVE THIS APPLICATION TO THE FCADC SUBJECT TO THE TERMS AND CONDITIONS OUTLINED ABOVE. WITHOUT THE PARTICIPATION OF THE FCADC TO THE EXTENT APPLIED FOR, WE WOULD NOT BE WILLING TO MAKE THIS LOAN, AND IN OUR OPINION, THE FINANCIAL ASSISTANCE APPLIED FOR IS NOT OTHERWISE AVAILABLE ON REASONABLE TERMS. I CERTIFY THAT NONE OF THE LENDER'S EMPLOYEES, OFFICERS, DIRECTORS, OR SUBSTANTIAL STOCKHOLDERS (MORE THAN 10%) HAVE A FINANCIAL INTEREST IN THE APPLICANT.

| | | |
|--------------------------------|--------------------------------------|-------|
| LENDING OFFICIAL (SIGN BELOW): | LENDING OFFICIAL (PRINT NAME BELOW): | DATE: |
| | | |

TO BE COMPLETED BY FCADC

| | | |
|--|--------|-------|
| <input type="checkbox"/> APPROVE <input type="checkbox"/> DECLINE (STATE REASON) | | |
| SIGNATURE: | TITLE: | DATE: |
| | | |