



Franklin County First Fund (FCFF) Direct Loan Program

Borrower Guide

Effective date: July 1, 2026

Franklin County Area Development Corporation
1900 Wayne Road
Chambersburg, PA 17202
(717) 263-8282
www.fcadc.com



Quick Summary

FCFF provides gap financing to support eligible business start-up, expansion, and retention projects in Franklin County. Loans are typically made in collaboration with bank financing and borrower equity.

At-a-Glance

Loan amount	\$25,000 to \$100,000 (board approval required for higher amounts).
Project participation	FCFF will not exceed 50% of total eligible project cost.
Borrower equity	At least 10% equity in total project cost.
Interest rate	Not less than 75% of the Wall Street Journal Prime Rate and never below 3.50%.
Term	Up to 3-10 years (See Term by Use of Funds table).
Jobs expectation	Create or retain 1 full-time equivalent job within 3 years for every \$35,000 borrowed (production agriculture exempt).
Payments	Monthly ACH auto-withdrawal on the 1st of each month.

Eligibility

Service area

Borrowers must be located (or agree to locate) in Franklin County, Pennsylvania prior to loan disbursement.

Eligible borrowers

- For-profit businesses.
- 100 or fewer employees worldwide (including affiliates).

Eligible and Ineligible Uses

Eligible uses

- Real estate: building or land acquisition, site preparation, construction, renovations/leasehold improvements, environmental testing, infrastructure related to the project, engineering/architectural/legal, and other related costs.
- Machinery and equipment: purchase, delivery, and installation directly related to the business operation.
- Working capital: limited to short-term business expenses directly tied to operational growth or project-related needs (e.g., inventory, raw materials, supplies, marketing, training costs, minor repairs/maintenance).



Ineligible uses (including limited exceptions)

- Refinancing of business or personal debt is strictly prohibited.
- Loan funds may not be used for payroll, rent, utilities, routine operating expenses, working capital deficits caused by slow-paying customers, insurance, licenses, annual renewals, or other general cash flow needs.
- Real estate speculation and/or residential properties are not eligible.

Loan Terms

Loan size and limits

- Minimum loan amount: \$25,000.
- Maximum loan amount: \$100,000 (higher amounts require approval of the Board).
- FCFF will not exceed 50% of total eligible project cost.
- Borrower exposure limits: not more than \$150,000 in FCFF financing within an 18-month period from the last disbursement; total outstanding FCFF loan balance(s) not to exceed \$250,000.

Interest rate

The interest rate will not be less than 75% of the Wall Street Journal (WSJ) Prime Rate with a floor of 3.50%. For real estate loans with terms of five (5) years or more, the interest rate will be reviewed at month 61 and will be based on the WSJ Prime Rate in effect at that time.

Loan approval and closing timeframe

Once a loan is approved, the borrower will have ninety (90) days from the date of approval to close the loan. The approved interest rate will remain in effect during this 90-day period.

If additional time is needed, the borrower must request an extension from FCADC prior to the expiration of the 90-day approval period. Any extension is subject to FCADC approval. If an extension is granted, the interest rate may be adjusted based upon FCADC's lending rate and market conditions in effect at that time. In no event will an extension result in an interest rate lower than the rate originally approved. If FCADC's applicable lending rate has increased since the original approval, the loan may be subject to the higher rate.

Loan funds will not be reserved indefinitely for approved projects. If the loan does not close within the approved timeframe and an extension is not granted, FCADC may withdraw the loan commitment.

Term by use of funds

Real estate (loan $\leq$ \$50,000)	Up to 10 years
Real estate (\$50,001–\$100,000)	Up to 10 years; amortization up to 15 years
Leasehold improvements	Co-terminus with the lease; up to 10 years
Machinery/equipment (loan $\leq$ \$50,000)	Up to 5 years
Machinery/equipment (\$50,001–\$100,000)	Up to 7 years
Working capital	Up to 3 years



Note: FCFF loan term cannot exceed the primary lender's loan term.

Equity and other financing

Borrowers are expected to contribute at least 10% equity to total project cost. FCFF is intended to collaborate alongside bank financing and/or other public and private sources.

Collateral and guarantees

- Loans must be secured in the highest lien position available on the financed assets and/or other pledged collateral.
- Personal guarantees are required from any individual with 20% or greater ownership.
- Collateral value should generally support a loan-to-value of 90% or less.
- Collateral may be subordinated to conventional lenders (banks and state/federal agencies) as approved.

Borrower Responsibilities After Closing

- Make monthly payments via ACH on the 1st of each month.
- Maintain required insurance and provide updated certificates on an annual basis.
- Provide information reasonably requested by FCADC (e.g., financial statements or tax returns) for annual loan monitoring.
- Notify FCADC promptly of material changes that could affect collateral, ownership, or repayment ability.

Jobs Expectation

Borrowers must create or retain one (1) full-time equivalent job within three (3) years of the loan closing anniversary for every \$35,000 borrowed. Businesses engaged in production agriculture are not subject to employment thresholds.

Fees

- Application fee: \$500 (non-refundable; due when the borrower returns the signed Loan Fee Structure Form and confirms they are ready to proceed with the loan request).
- Legal closing costs: due at closing.
- Annual loan servicing fee is based on the original FCFF loan amount and is due at closing and annually on the loan closing anniversary date until paid in full.
 - o \$25,000–\$50,000: \$150
 - o \$50,001–\$100,000: \$300
 - o \$100,001 and above: \$450
- Returned payment/insufficient funds fee: \$50 per occurrence
- All fees are non-refundable and will not be prorated.



Application Process

1. Meet with FCADC staff before your application is presented.
2. Submit a complete application package at least 10 business days before the next Loan Review Committee meeting.
3. FCADC staff reviews for completeness, performs underwriting, and packages loan for Committee and/or Board consideration.
4. Loan Review Committee and Board consideration (as applicable).
5. If approved, FCADC issues a commitment letter and coordinates closing.
6. Loan closes and funds are disbursed.

Appendix A: Application Checklist (Summary)

Always required

- CPA-prepared financial statements or federal tax returns (last 3 years).
- Interim financial statements dated within the last 45 days (Profit & Loss Statement and Balance Sheet).
- Business debt schedule (FCADC form - Borrower must list all installment debts, contracts, notes, and mortgages payable).
- Current number of employees.
- Primary lender information and executed commitment letter (if applicable).

Required for each 20%+ owner

- Personal tax returns (last 2 years).
- Personal financial statement (not older than 3 months).
- Copy of driver's license/ID.

If applicable

- Business plan (start-up or acquisition).
- 2-year projections (start-ups/early-stage or acquisition as applicable).
- Organizational documents (corporation/LLC/partnership) to include Articles of Incorporation, Articles of Organization, Operating Agreement, By-Laws, Partnership Agreement, as applicable.
- Real estate purchase agreement/settlement sheet; deed/tax bill; appraisal (if mortgage is required).
- Construction agreement and invoices (if construction/renovation).
- Machinery & equipment list and invoices (if equipment purchase).
- Three major customers (include company name and percentage of sales to each)
- Legal counsel contact information (if applicable).