



# CORE INDUSTRY FUND



2013

## Loan Program Application Guidelines

This document provides instructions for completing Core Industry Fund Loan applications. For additional information on this program and others please contact the Bucks County Industrial Development Authority at 267-880-6071.

## **Program Overview**

The Core Industry Fund has been established to provide direct financial resources to the entrepreneurial community, and small and medium sized businesses. Of the 31,660 individual employers in Bucks County, 27,000 employers have fewer than 20 employees, or roughly 85 percent of all Bucks County businesses. Many of these businesses are in the high projected growth areas. Unless a concerted effort is made to target these businesses, identify their specific needs, and address those needs, Bucks County is in danger of losing the baseball equivalent of its economic farm team.

The Fund will also focus on projects, initiatives, and investments that match workers to family sustaining jobs. Bucks County already possesses a pool of talented and skilled workers. By partnering with the Bucks County Community College, the Workforce Investment Board, technical schools, and four year academic institutions, borrowers will have access to assistance that will help them identify and hire qualified workers and train and retrain new and current workers in order to continually expand our pool of technical workers. In particular, funds will be made available to businesses seeking to grow and expand their enterprises in a way that incorporates the hiring of low to moderate income employees.

### **Core Industry Fund Investments**

Financing from the Fund will generally focus on the following types of lending:

- Building and/or site acquisition
- Machinery and equipment
- Working capital
- Inventory

The maximum loan amount may not exceed \$400,000, except in cases which represent unique high wage and substantial job creation or result in the redevelopment of a major unutilized or underutilized site, as determined by the Board of Directors of the Bucks County Industrial Development Authority (BCIDA).

Acceptable repayment terms will generally be no greater than a 10-year balloon and 20-year amortization for building and/or site acquisition and a 7-year term with a 5-year balloon for machinery and equipment. For working capital, including training and export assistance, the term will be 5-years with a 3-year balloon, except that upon review and recommendation of the Loan Review Committee and approval of the BCIDA Board, these repayment provisions may be modified. Inventory loans will be no longer than 18 months.

The interest rate charged will be negotiated based on underwriting risks and financial strength of the applicant, but all loans will be below the prime rate as published in the Wall Street Journal and not greater than the rate available through the Pennsylvania Industrial Development Authority (PIDA) program.

The BCIDA is responsible for diligently reviewing the business information it receives, including the collateral available for a given loan. The BCIDA will review the financial statements, business plan, and all other necessary information with respect to the borrower in order to conduct a prudent and reasonable assessment of the borrower's ability to repay the loan.

The applicant must agree that the loan will result in one new job created and/or retained for each \$35,000 of funds borrowed. And that 51 percent of the jobs created through this program will be made available to low and moderate income individuals. For the purposes of this Fund, a low income person is one earning \$27,750 a year and a moderate income person is one earning \$44,350 per year. (Note: These numbers are updated on an annual basis.)

Certain exceptions are permitted, where the applicant meets other critical public policy objectives, such as acquiring and/or demolishing a blighted building or acquiring a blighted site that will be cleared, cleaned and renewed.

## Funding Eligibility

Funds from this program can be used to:

- Acquire land and buildings
- Demolish abandoned, underutilized, or unutilized buildings
- Site clearance
- Infrastructure improvements including utilities, water, sewer, access roads, and parking
- Environmental remediation only as part of an overall development project
- Machinery and equipment financing
- Working capital loans

## Eligible Uses

Funds from this fund can be used for hard costs associated with project development, for example: land and building acquisition, demolition, site clearance, infrastructure improvements, or similar investments as well as certain soft costs, such as engineering, planning, legal, consulting, closing or similar costs in projects that include acquisition, demolition and/or construction.

## Project Submission and Approval

Eligible applicants must submit a completed BCIDA Loan Fund Application along with all required appendices in order for the BCIDA's Loan Review Committee to underwrite the proposed project. Once this has been completed and the loan has been recommended to and approved by the full BCIDA Board of Directors, the following steps will occur:

**Notice of Award** – The Executive Director, acting on behalf of the BCIDA Board of Directors, will notify the applicant of the approved loan.

**Loan Documentation** – Counsel for the BCIDA shall prepare appropriate loan documentation which may include loan agreements, promissory notes, and security documents such as mortgages or security agreements with UCC filings, guarantees, title insurance and/or assignment of life insurance.

**Repayment Schedule** – The loan documentation shall include the agreed upon repayment schedule.

**Evidence of Permits, etc.** – Documentation must be provided by the applicant that all necessary permits, licenses, and any other registrations required have been obtained by the applicant prior to the release of funds, where such documents are required.

**Loan Closing** – Counsel for the BCIDA will schedule a loan closing. All loan documentation will be executed prior to fund disbursement and all security documents shall be recorded where necessary.

**Disbursement of Funds** – The funds will be disbursed to a borrower in accordance with the terms of the loan documentation.

## Annual Project Follow-up

Recipients of these funds will be required to report annually on their progress in meeting the job creation and retention goals as set forth in their approved loan application until those goals are met.