



Millvale Borough Revolving Loan Fund FAQ

1: Eligible applicants

Eligible businesses may apply through the borough of millvale.

2: Eligible businesses

An eligible business is a for-profit corporation, limited liability company, partnership, proprietorship or other business entity having 100 or fewer total full-time employees. In order to receive a loan under this program, a business must demonstrate a positive direct impact on millvale, on residents of millvale, or on the local and/or regional economy. Loans to a business with more than 100 employees require approval of the loan / investment committee and borough council.

3: Eligible costs

The following costs directly associated with the start-up, location, expansion or modernization of an eligible business, are eligible uses of mrlf program funds.

- a. Land costs
 - » Land costs may include, but are not limited to, acquisition, site preparation and testing, utilities, site mapping, legal, and other related costs directly associated with the purchase, expansion, renovation, or new construction of a building to house an eligible business.
- b. Building costs
 - » Building costs may include, but are not limited to, building acquisition, construction, rehabilitation, engineering, architectural, legal, and other related costs.
- c. Machinery and equipment costs
 - » Machinery and equipment costs may include, but are not limited to, acquisition, delivery, and installation of machines and/or equipment. This includes computers, peripherals and software

that are used exclusively in business activities. Such costs are eligible if associated with acquisition of new or previously used machinery and equipment.

- d. Working capital
 - » Capital used by a small business enterprise for operations, including, without limitation, personnel and training costs.
- e. Limitations
 - » Land, buildings, and machinery and equipment are limited to out-of-pocket costs incurred by a business. Unrealized appreciation in value may not be considered in determining eligible costs.

5: Restrictions

- a. No delinquencies
 - » The business and its principals may not be delinquent in or in default of any existing private or public loan relating to the business, unless the business and/or its principals have entered into a workout agreement satisfactory to the respective creditor(s) and are fully in compliance with the terms of that agreement. The business and its principals are required to execute an affidavit stating that the business and/or its principals are in compliance with the workout agreement. For program purposes, a "principal" of a business is any record or beneficial owner of 20% or more of an ownership interest in the business.
- b. Taxes current
 - » The business and its principals must be current in payment of all applicable federal, state and local taxes, unless they have entered into a workout agreement satisfactory to the respective taxing authority and are fully in compliance with the terms of the agreement.
- c. Conflicts of interest
 - » The business, its principals and managerial officers must disclose any real or potential conflicts of interest between themselves and any officials or employees of the borough of millvale or the millvale borough development corporation involved in the submission of the business's application.
- d. Matching funds
 - » All sources of matching funds for the project must be identified when the application is submitted to the borough of millvale and in place at the time of the mrlf closing.
- e. Escrow of loan proceeds
 - » At the discretion of the borough of millvale, loan proceeds may be fully disbursed to the business at closing or fully or partially deposited into an escrow account with a commercial lending institution.

6: Ineligible activities

Projects are not eligible for financing if they relate to any of the following activities:

- a. Generally, refinancing any portion of the total project cost is not permitted, except for short-term "bridge" or "interim" financing where such bridge or interim financing is being promptly replaced by the proceeds of the loan and the bridge or interim financing has been disclosed to the borough of millvale. However, the borough of Millvale will consider projects that propose to use all or a portion of loan funds to reduce or eliminate outstanding debt where the substitution of a MRLF loan for the outstanding debt will result in a significant cost savings to the business and where the business presents a plan for reinvesting the saved funds back into business activities.
- b. A business is permitted to lease up to 49% of the space of a building it occupies to other users.

- c. Providing funds, directly or indirectly, for payment, whether as loan repayment, dividend distribution, return of capital, loans, or otherwise, to owners, partners or shareholders of the small business enterprise, except as ordinary compensation for services rendered
- d. Related party transactions, i.e., Costs associated with a transaction where the buyer and the seller are one and the same or are related to each other by blood, marriage, or law, unless the business is able to demonstrate to the satisfaction of the borough of millvale that the transaction qualifies as an arm's length transaction.

7: Non-prejudicial approvals

The borough of millvale recognizes the long lead times involved in acquiring, constructing, or renovating land and buildings and in ordering machinery and equipment. Therefore, the applicant may request a letter of no prejudice from the borough of millvale. If the borough of millvale grants such a letter, the applicant may continue with the project while its loan is under review. However, the business continues at its own risk with no obligation from the Borough of millvale to approve the loan.

- a. If an applicant does not receive a letter of no prejudice, the applicant may place orders, sign sales agreements, and make security deposits on machinery and equipment and land and buildings without jeopardizing project eligibility. However, unless there is a letter of no prejudice in place, the applicant may not:
 - » Transfer title or occupy the land or buildings to be financed with the loan
 - » Install or use the machinery and equipment except pursuant to a short-term lease or similar arrangement subject to cancellation by the business without substantial penalties
 - » Finance any working capital needs and remain eligible for ced loan consideration.

8: General program requirements

- a. Loan size: the maximum loan amount is \$20,000 or 50% of the total eligible project cost, whichever is less.
- b. Other required investment: matching funds from sources other than MRLF must equal at least 50% of eligible project costs. Land, building, machinery, and equipment purchases made within a 12-month period prior to the filing of an application may be eligible as private match towards an mrlf project.
- c. Jobs: the applicant must agree to retain, at a minimum, the jobs that were in existence as of the date of the loan application.
- d. Loan security: the borough of millvale, in its sole discretion, will use its best judgment to identify and secure collateral. Acceptable collateral may include but is not limited to, any of the following:
 - » Land
 - » Buildings
 - » Machinery
 - » Equipment
 - » Accounts receivable
 - » Inventory
 - » Pledged stock or securities
 - » In addition, the borough of millvale may require the personal guarantees of principals.

9: Terms

In the sole discretion and best judgment of the borough of millvale, loan repayment terms are tailored to meet the needs of the business.

10: Interest rates

MRLF loans are fixed at an annual interest rate of 2%.

11: Fees

A one time, non-refundable fee of \$200.00 is required for a comprehensive business report and processing fees. The business report will contain:

- a. Business summary, payment history, family tree and public filings
- b. Industry comparison
- c. Financial statement
- d. Credit limit recommendation
- e. D&D rating
- f. Paydex score
- g. Commercial credit score
- h. Financial stress score

The report will aid the loan committee in evaluating each loan application. Loan applicants may request a copy of the comprehensive report.

12: Aggregate limits on financing

A business may not receive more than one loan in any twelve-month period.