



RIVER TOWNS REVOLVING LOAN FUND FREQUENTLY ASKED QUESTIONS

- 1) WHO IS ISSUING THE LOAN?** The Borough of Millvale issues the loans.
- 2) WHERE DID MILLVALE GET THE MONEY?** Originally, the money was issued to the Allegheny Rivertown Enterprise Zone (ARTEZ) through the New Communities Grant Program. Funding was provided by the Commonwealth of Pennsylvania and distributed by the Commonwealth Department of Community and Economic Development (DCED). In 2016, ARTEZ transferred the fund to the Borough of Millvale.
- 3) HOW MUCH MONEY DID ARTEZ GET?** The original grant was through the Commonwealth Department of Community and Economic Development, included in the grant was a monthly 2% interest rate. Equal monthly payments were made to ARTEZ through September 2016, ARTEZ transferred all funds to the Borough in October 2016 and the Borough has received monthly payments since. Additional loans of varying terms and amounts also contribute to the River Towns Revolving Loan Fund (RTRLF) and its viability.
- 4) MILLVALES RESPONSIBILITY:** The Borough of Millvale is charged with maintaining the original ARTEZ Revolving Loan Fund and distributing the original funds and any additional assets through the River Towns Revolving Loan Fund. Millvale is required to verify all finances are used for legitimate purposes, in accordance with the applicable laws, regulations, rules, guidelines and other orders issued by DCED, and the provisions of the New Communities Program contract. The Borough of Millvale is responsible for ensuring that loans or investments made to businesses from New Communities Program funds meet those purposes and adheres to these and other guidelines or orders issued by DCED and the Borough of Millvale.
- 5) CAN I APPLY FOR A LOAN?** Any business as defined in section 12 can apply. Carefully review the RTRLF requirements, if you can meet all the requirements submit the application.
- 6) WHO APPROVES THE LOANS OR INVESTMENTS:** Loans and investments must be reviewed by the loan/investment committee (committee). The committee provides Borough Council with informed recommendations on all loan or investment applications. If recommended by the committee, loans/investments must then be approved by Council at a public meeting.

7) WHAT IS THE RTRLF COMMITTEE? Four members of the committee are appointed by Borough Council to staggered 5-year terms. The committee shall be comprised of two members from Borough Council, two members from the Millvale Community Development Corporation (MCDC). An unappointed consultant from a Millvale financial institution will aid in the review process on all loan applications. In case of a tie the acting Borough Council President will vote to break the tie, if the Council President is a committee member the Vice-President will break the tie, if the Vice-President is also on the committee a Councilperson will be chosen in order of seniority. All members must be competent to judge the feasibility of the financing proposal. Members of the committee shall have no interest in the business, the loan, or the investment.

8) MINIMUM REQUIREMENTS TO APPLY:

- a) Loans to, or investments in businesses must serve a “public purpose.” They must primarily promote the health, safety or welfare of the public at-large, and provide overall benefit to the citizens of the Boroughs of Millvale, Aspinwall, Blawnox, Etna and Sharpsburg, and the Townships of O’Hara and Shaler. In addition, the primary objective of the loan or investment must be fully consistent with the objectives of the RTRLF.
- b) The recipient shall prove that the loan or investment is necessary to complete a feasible financing plan: other financing options were considered, but were not feasible, and the current financing plan will not be feasible without the amount of the loan or investment and repayment conditions requested. At a minimum, the amount of the loan or investment must be matched with an equal amount of private loans or investments in the project for which the RTRLF is sought.
- c) All loans shall be secured by lien positions on collateral at the highest level of priority, which can accommodate the borrower’s ability to raise sufficient debt and equity capital.
- d) The activity financed by the loan or investment shall commence and be completed within a reasonable time. Provision shall be made for immediate or accelerated repayment or penalty if the activity is not started or completed within a reasonable and agreed upon time, unless there are, mitigating reasons accepted by the grantee or delegated agency.
- e) The loan or investment agreement shall include requirements, which the recipient must meet in satisfaction of the loan or investment, shall provide for monitoring of the progress of the recipient’s activity, and provide means for enforcing compliance with the terms of the agreement. Additionally, the loan agreement shall provide for the return to the Borough of loan repayment funds to be used for additional loans or investments, or other activities in accordance with the provisions and purposes of the RTRLF.

9) HOW MUCH CAN I APPLY FOR? The maximum RTRLF amount you can apply for is \$20,000. The minimum RTRLF that can be applied for is \$5,000. RTRLF range amounts may be increased or decreased by committee recommendation and a favorable vote of Council.

10) WHAT IS THE INTEREST RATE? Interest is 2% compounded on a monthly basis during the term of the loan. Interest rate may be increased if loan defaults. Interest rate for defaulted loans may be increased or decreased by committee recommendation and a favorable vote of Council.

- 11) **WHAT ARE THE TERMS OF THE RTRLF?** Terms vary by loan and are flexible within the following time period: Terms cannot exceed the maximum of 10 years or the minimum of 3 years. RTRLF terms may be increased or decreased by committee recommendation and a favorable vote of Council.
- 12) **IS MY BUSINESS ELIGIBLE?** An eligible business is a corporation, Limited Liability Company, partnership, Proprietorship, non-profit or other business entity having 100 or fewer total full-time employees. In order to receive a loan through the RTRLF, a business must demonstrate a positive direct impact on one or more of the Boroughs of Millvale, Aspinwall, Blawnox, Etna and Sharpsburg, and/or the Townships of O'Hara and Shaler. Additionally, eligible businesses must have a direct impact on residents of one or more of the Boroughs of Millvale, Aspinwall, Blawnox, Etna and Sharpsburg, and/or the Townships of O'Hara, Shaler, or on the local and/or regional economy. Loans to a business with more than 100 employees require approval of the committee prior to application submittal, application without prior approval will not be considered.
- 13) **WHAT ARE ELIGIBLE COSTS?** The following costs directly associated with the start-up, location, expansion or modernization of an eligible business, are qualified uses of RTRLF 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.
- 14) **RTRLF 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.
- 15) **RTRLF 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.

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 Boroughs of Millvale, Aspinwall, Blawnox, Etna and Sharpsburg, and/or the Townships of O'Hara or Shaler or the Millvale Borough Development Corporation

d) Matching Funds

All sources of matching funds for the project must be identified when the application is submitted *and in place at the time of the RTRLF closing.*

e) Escrow of Loan Proceeds

At the discretion of the Committee, 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.

16) RTRLF 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 committee.
- b) 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
- c) 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.

17) NON-PREJUDICIAL APPROVALS: The Committee 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 committee. If the committee 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 COMMITTEE OR 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:
 - i) Transfer title or occupy the land or buildings to be financed with the loan;
 - ii) 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; or
 - iii) Finance any working capital needs and remain eligible for RTRLF consideration.

18) ADDITIONAL RTRLF REQUIREMENTS

- a) **Specifics of Required Investment:** Matching funds from sources other than RTRLF 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 RTRLF project.

b) Jobs: The applicant must agree to retain, at a minimum, the jobs that were in existence as of the date of the loan application.

c) 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:

- i) Land
- ii) Buildings
- iii) Machinery
- iv) Equipment
- v) Accounts receivable
- vi) Inventory
- vii) Pledged stock or securities
- viii) In addition, the Borough of Millvale may require the personal guarantees of principals.

19) WHAT DOES IT COST TO APPLY? A one time, non-refundable fee of **\$300.00** is required for a comprehensive business report and processing fees. The business report will contain:

- Business summary, payment history, family tree and public filings
- Industry comparison
- Financial statement
- Credit limit recommendation
- D&B Rating
- PAYDEX Score
- Commercial Credit Score
- 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.

20) AGGREGATE LIMITS ON FINANCING: RTRLF limits loans / investments to one per business. Businesses may not apply for additional funding until the term is fully satisfied on any existing loan. Applicants that are not funded must wait 12 months to submit another RTRLF application.



RIVER TOWNS REVOLVING LOAN FUND APPLICATION PROCESS

- 1) LETTER OF INTENT:** Businesses interested in applying for a RTRLF loan must first submit a letter of intent to the committee. The following information must be included in the letter of intent:
 - a)** Name and address of the business, and the contact person who can answer questions regarding the letter of intent.
 - b)** The number of current full-time employees and the projected number of jobs to be created or retained within 5 years.
 - c)** A description of what the business does.
 - d)** Whether the business is a start-up or the number of years, in which the business has been in operation.
 - e)** Whether the business is located in or will locate in an abandoned or underutilized building or site.
 - f)** Whether the business is owned and operated by a person of an ethnic minority group. Ethnic minority groups include:
 - i) African Americans – persons having origins from any of the Black groups of Africa or any of the original peoples of the Cape Verde Islands.
 - ii) Hispanic Americans – persons having origins from one or more of the Spanish speaking peoples of Mexico, Puerto Rico, Cuba, Central or South America or the Caribbean Islands.
 - iii) Native Americans – persons having origins from one or more of the original peoples of North America and who are recognized as an Indian tribe or tribal organization.
 - iv) Asian-Pacific Americans – persons having origins from one or more of the original peoples of the Far East, Southeast Asia or the Pacific Islands, including China, Japan, Korea, Samoa and Philippine Islands.
 - v) Indian Americans – persons whose origins are from India, Pakistan, and Bangladesh.
 - g)** Identify the source and amount of the funds required to match the requested RTRLF loan.
 - h)** If applicable, provide the business's gross sales for the most recently completed tax year.
 - i)** Describe the business's impact on one or more of the Boroughs of Millvale, Aspinwall, Blawnox, Etna and Sharpsburg, and/or the Townships of O'Hara or Shaler or the community in which it is currently located, using the following as a guide:

- i) Does the business complement existing businesses in the Boroughs of Millvale, Aspinwall, Blawnox, Etna and Sharpsburg, and/or the Townships of O'Hara or Shaler or the current community? If so, how?
- ii) Will the business fill a void for products or services not currently offered in the Boroughs of Millvale, Aspinwall, Blawnox, Etna and Sharpsburg, and/or the Townships of O'Hara or Shaler?

2) APPLICATION FEE: \$300 (one time, non-refundable) Processing and comprehensive business report fee. Applicants may request a copy of the comprehensive business report. All requests must be in written form, addressed to: Millvale Loan Committee, 501 Lincoln Avenue, Millvale, PA 15209. Requests will be accepted within 30 days of official loan notification. Requests after 30 days will not be processed.

3) APPLICATION INSTRUCTIONS: The applicant must utilize the RTRLF Application.

- a) The RTRLF Application can be accessed at www.millvalepa.com.
- b) For assistance in completing the application, please contact Eddie Figas at 412-821-2777 or e-mail: efigas@millvaleboro.com

4) APPLICATION SUBMISSION AND APPROVAL PROCEDURE

- a) The committee will review each application in the order received.
- b) The committee will formally notify the applicant of its decision to approve or reject a loan application within 60 days of receipt of a complete loan application.
- c) Before the committee will authorize disbursement of loan funds, the business must confirm:
 - i) That all other sources of funding will be in place at the time of closing.
 - ii) That the use of all funds remains as presented in the project application.
 - iii) That there is no material changes to collateral or other terms and conditions of the loan as previously approved by the committee.
 - iv) Whether the loan will close into an escrow account.
 - v) The FEIN and Social Security numbers of the business and all guarantors.
- d) Any material changes in the project application, collateral, or terms must be reviewed and approved by the committee and its counsel.
- e) Loans will be disbursed at the loan closing between The Borough of Millvale and the business. Loan proceeds may be disbursed to the business or placed into an escrow account with a commercial lending institution.
- f) Regardless of how disbursement is made, interest will accrue on the loan from the date of closing.
- g) Unless otherwise agreed to by the committee, regular amortization payments of principal and accrued interest on the loan will begin immediately upon closing, whether or not the loan is disbursed, in whole or in part, into escrow.
- h) Unless otherwise agreed to by the committee, the first payment of principal and interest will be due the first day of the second calendar month following the calendar month in which closing occurs and will include a lump-sum payment of the interest that has accrued from the date of the check issued for closing. Thereafter, payments of principal and interest will be due the first day of the month.
- i) No escrow account may extend beyond 12 months without the prior written consent of The Borough of Millvale.

5) APPLICATION EVALUATION CRITERIA: The committee will evaluate the credit worthiness of a business to assess its ability to repay the RTRLF loan. In addition, the application will be evaluated on the following criteria:

- a) Number of jobs created or retained.
- b) The type of product or service and the need for that product or service in Millvale.
- c) The impact on other businesses in River Towns communities.
- d) The likelihood of success of the venture.
- e) The impact on unused or underutilized property.
- f) The amount of matching investment.
- g) The age and size of the business.
- h) Is the request due to an emergency?

6) LIMITATIONS AND PENALTIES: Failure to meet any of the terms or conditions of the RTRLF may result in an increase in the interest rate to a rate not exceeding 2% above the current prime interest rate on the outstanding principal for the remainder of the loan. Imposition of any penalty is at the sole discretion of The Borough of Millvale.

- a) Any material misrepresentation in the letter of intent or the application, or the use of loan funds for ineligible activities, may be cause for rejection of an application or for calling a RTRLF loan in default. In addition, the matter may be referred to the appropriate authorities for criminal investigation.
- b) Businesses may prepay the RTRLF loan at any time without financial penalty.

7) CONTACT INFORMATION: Program inquiries should be directed to:

The Borough of Millvale
RTRLF
501 Lincoln Avenue
Millvale, PA 15209
Phone: (412) 821-2777
Fax: (412) 821-2717
E-mail: efigas@millvaleboro.com



RIVER TOWNS BOROUGH REVOLVING LOAN FUND APPLICATION & CHECKLIST

All items must be submitted to the Borough of Millvale before application is processed.

Non-Prejudicial Request

Note: Please submit non-prejudicial request if the company wishes to move forward with the project while the application is under review. An applicant may place orders, sign sales agreements, and make security deposits on machinery and equipment and land and buildings prior to non-prejudicial approval. Without non-prejudicial approval, an applicant may not, prior to the accepting The Borough of Millvale's Commitment Letter, transfer title or occupy the land or buildings to be financed with the loan; install or use the machinery and equipment; or finance any working capital needs. Non-prejudicial approval does not guarantee approval of loan. (The Borough of Millvale will send non-prejudicial request form to applicant upon request)

COMPANY INFORMATION

Company (Proprietor) Name: _____

Address: _____ City: _____

County: ALLEGHENY State: PA Zip Code: _____

Name of Principal in Charge: _____

Principal in Charge SSN# (SSN required for due diligence searches) _____

Past Bankruptcies (please describe)

Telephone #: (_____) _____

Type of Business: _____

NAICS Code (if applicable): _____

Date Established: _____ State Established _____

- Type of Entity (Check One): Corporation
 Partnership
 Proprietorship
 Limited Liability Company
 Limited Partnership
 Sole Proprietorship (non-formalized business)

Tax ID #: _____ (if applicable)

Company Ownership Breakdown (include: Name of each Principal and percentage of ownership) _____

Brief History of Company: Attach

Number of Existing Employees: _____

The number of new employees anticipated as a result of this project within the next two years: _____

Do you have any affiliate and/or subsidiary firms? If so, please provide the last fiscal year end financial statements for the listed firms. If **not applicable**, check here _____

If your business is a franchise, include a copy of the Franchise Agreement and the Franchiser's FTC Disclosure Statement. If **not applicable**, check here _____.

Company's Registration Documents Issued by Pennsylvania Department of State (required)

For Corporation	Copy of Articles of Incorporation
For Partnership	Copy of Partnership Agreement and Copy of Fictitious Name Registration if name of business is not the name of the partners
For Proprietorship	Copy of Fictitious Name Registration if name of business is not the name of the sole proprietor
For Limited Liability Company	Copy of Certificate of Organization
For Limited Partnership	Copy of Partnership Agreement & Copy of Certificate of Limited Partnership
For Sole Proprietor	Copy of Fictitious Name Registration if name of business is not the name of the sole proprietor

MARKETING INFORMATION

Geographic Marketing area of Business: _____

Sales Method and Marketing Strategy: _____

Major Competitors: _____

Major Suppliers: _____

GUARANTOR(S):

Name: _____

Address: _____

Phone#: _____ Email: _____

SSN#: _____

Signature: _____

.....

Name: _____

Address: _____

Phone#: _____ Email: _____

SSN#: _____

Signature: _____

COLLATERAL INFORMATION

Collateral Statement: (State collateral being offered and value of collateral)

Note: if the Borough will be subordinate to other lenders, identify the name of the lender as well as the subordinate amount and security position held by each lender. If a mortgage is included as part of collateral, provide a copy of the deed and most recent appraisal for the property. (Personal Guarantees are often requested as part of collateral)

- Copy of Commitment Letter(s) from Lender(s) providing matching funds for RTRLF Financing (Not applicable if only matching fund is equity)
- List of all properties owned by the applicant lot and block and address).
- List all Stocks, Bonds and Securities owned by the Applicant.

FINANCIAL INFORMATION

- Completed and Signed W-9 form (used to register company in State database)
- A signed and completed IRS Form 4506-T (Request for Tax Transcript) is required on all applications and must be submitted before a loan application can proceed further. This form gives permission to verify the income reported to the IRS. The Borough of Millvale requires two years and may request a third year if deemed necessary.
- List of all Applicant liabilities.

Companies 3 years and older:

- 3 most recent years of company's annual financial statements (Should include income statements, balance sheets and cash flow statements for each year)
- 1 year projected company financial statements
- Signed Personal Financial Statement for each Principal with 20% or greater ownership in company

Startup Companies (less than 3 years old):

- All available company's annual financial statements (if any)
- 3 year-projected company's financial statements (Should include income statements, balance sheets and cash flow statements for each year)
- Signed Personal Financial
- Complete Business & Marketing Plan (Only applies if Start-up Company: 1-3 years old)
- 5-year financial history of partners, lead investors and or proprietor.

PROJECT INFORMATION

Street Address of Project: _____, _____, PA _____

- Please list your expected benefits from the loan: _____

- Project Narrative: Attach a comprehensive description of project and how funds will be used
- Community Impact Statement, which is a statement describing how the project will positively affect your municipality.

COMMUNITY IMPACT STATEMENT GUIDELINES

Why your municipality?

Indicate how your business will benefit your municipality and Allegheny County.

Provide information on what need your business is addressing in your municipality and Allegheny County.

What population will you be serving?

Explain what type of person, group and or business your business will be serving.

Will your business have an impact in your municipality beyond the established business description? How will your business benefit other businesses in your municipality?

Note: Before the loan closes, the company will be required to submit to the Borough of Millvale an expense justification for the **TOTAL PROJECT** not only for the amount of the RTRLF loan. Justification will include invoices or purchase orders for all project expenses. Invoices/purchase orders are not required to be submitted until after the project is approved.

INTENDED USE OF PROPOSED LOAN PROCEEDS

Land Acquisition	\$ _____
Land Improvements	\$ _____
Purchase and/or Remodel Building	\$ _____
New Construction	\$ _____
Purchase Machinery and Equipment	\$ _____
Other (contingencies)	\$ _____

Total \$ _____

Source of Private Capital

Cash _____ Project Land Cost _____ Other _____

FAIR CREDIT REPORTING ACT

As part of processing your application for a RTRLF Loan, we may request a consumer report bearing on your creditworthiness, credit standing, and credit capacity.

This notice is given pursuant to the Fair Credit Reporting Act of 1970, Section 601 to Section 622, inclusive. You are entitled to such information within 60 days of written demand therefore made to the Credit Reporting Agency pursuant to Section 607(b) of the Fair Credit Reporting Act.

Applicant

Date

Applicant

Date

ACKNOWLEDGEMENTS

The undersigned certifies that the above facts are true and accurate statements of FINANCIAL CONDITION AS OF -- enter date below -- and further agrees to advise The RTRLF Committee and Borough of Millvale immediately if there are material changes in my/our financial condition. I/We further authorize The RTRLF to make any verification of the above information it deems necessary in order to obtain this loan.

Applicant

Date

Applicant

Date