



Revolving Loan Fund Guidelines (RLF)

GOALS AND OBJECTIVES

1. Enhance and retain Ephrata’s Downtown Commercial District through economic opportunity by assisting in the financing of projects which maximize private sector investment.
2. Create and retain permanent jobs by expanding business employment and ownership opportunities for the benefit of the Ephrata community.
3. Diversify the economic base by encouraging the growth of non-traditional industries and for profit-businesses in Ephrata.
4. Coordinate with other areas of economic development activities, including:
 - Development and preservation of existing buildings
 - Better utilization of existing buildings
 - Strengthen businesses clusters

STRATEGY

1. Partnered with Ephrata National Bank (ENB) to allow the bank to use its expertise in originating and booking the loans.
2. Mainspring will focus on networking and using their business connections to promote and administer the program.

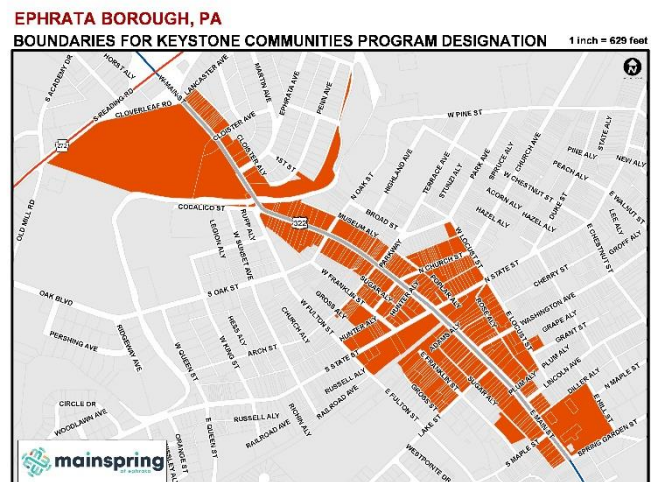
ADVANTAGES OF THE RLF

- Less money down from the business owner.
- Mainspring partners with the business owner by including a minimum of 10% of the financing out of the Revolving Loan Fund account.
- Mainspring provides support for the business owner and explains the process.
- Application process as simple and streamlined as possible.

LOAN CRITERIA

Eligible Uses of Revolving Loan Fund (RLF) financing will include but not be limited to:

- Location of the property or business must be within the Keystone Community designated region.
- Equipment purchases
- Leasehold improvements



- Building upgrades for energy efficiency
- Term loans secured by business assets
- Purchase of a business

Ineligible Uses

- Real Estate purchases
- Lines of Credit
- Payroll expenses
- Vehicle purchases

PROGRAM PARAMETERS

1. The maximum loan amount will be \$100,000.00, depending on the loan fund balance.
2. Business owner needs 10% down.
3. Mainspring will provide a minimum 10% of the financing.
4. No origination fee, only 3rd party fees would apply, including participation fee. IE: UCC filing fee, documents prep fee, credit check fee.
5. 1/2% loan discount off the small business current rate sheet for a 5-year fixed loan if the business owner either opens a new ENB account or uses an existing ENB account for automatic drafting.
6. New business owner needs to have completed the program with SCORE and/or Assets, if appropriate. If it is an established business, they may not need to go through SCORE or Assets.
7. Applicant must be credit worthy and approved through Credit Express. Credit scores must be 700+. If no credit history exists, ENB will take this into consideration. Furthermore, Mainspring can choose to absorb some risk if the credit history is not up to Bank standards.
8. A small fee is applied to compensate ENB for servicing the loan. This fee is included in the loan amount. Or .25% will be retained by the bank.

HOW TO APPLY & THE PROCESS

1. Interested parties will submit an interest form either online or via hard copy.
2. The executive director or a member of the Review Committee will review the interest form initially to ensure that the project for which they are applying is an eligible request.
3. The interested party will be contacted to set up a screening with the Review Committee. The Review Committee will interview the applicant. Examples of questions asked include:
 - *What is the business?
 - *Why did you start your business?
 - *Do you have any formal training or industry experience?
 - *What makes your business unique?
 - *What are some of your goals for the business?
 - *Who are the key employees? How many hours do you spend on the business per week?

- *How will you market your business?
- *What is your pricing strategy and why?

The Review Committee will then determine if the potential applicant should pursue the full application process for the RLF through ENB. Determination will be based on the following:

- The applicant must be the owner or have vested authority to apply for financing.
- Consistency with the Fund's overall economic development objectives, strategy and priorities.
- Demonstrated financial feasibility and repayment ability.
- Proven management ability and capacity to complete the project.
- Compatibility with the environment, local ordinances and other community objectives.
- Applicant must be current with Borough, County and School Taxes
- The borrower shall not discriminate in the provision of employment or leasing on the basis of race, creed, national origin, sex, handicap, age or other classes provided by law.
- Impact Analysis
 - 1) Expansion or retention of the industrial and commercial base. This involves assessing the impact on economic activity in the Borough of Ephrata. Special efforts will be made to encourage those activities that increase value added to local products and natural resources.
 - 2) Diversification of the economic base. Favorable consideration will be given to industries, modern technologies and commercial services that do not currently exist in the area.

Should the Review Committee determine that the loan request is fully viable, it will review a helpful check list with the application. Ephrata National Bank will then guide the applicant through the online application process for the loan.

FINAL NOTE

The Revolving Loan Fund Review Committee is made up of a community citizen and business owner, Mainspring's executive director, a member of Mainspring's Board of Directors and attorney, and two bankers, one of whom leads this particular program in ENB's Loan Department.