



CITY OF WILLIAMSPORT

COVID-19 BUSINESS ASSISTANCE LOAN PROGRAM MANUAL

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A. Applicant Eligibility

1. This program is designed to offer assistance to businesses that have been affected by the COVID-19 pandemic. Eligible applicants are businesses that are located within the City of Williamsport. The applicant must be the owner or have vested authority to apply for funding.
2. The program is focused on loans to small businesses (less than 100 employees) including sole proprietorships, independent contractors and self-employed persons. Non-profit organizations are not eligible to participate under the program.
3. The applicant must demonstrate a need for assistance through the program. These funds may not be awarded or the award amount may be reduced if another source of financial assistance is available to the applicant. This includes, but is not limited to, Paycheck Protection or Economic Injury Disaster Loan (EIDL) or other COVID-19 related assistance programs.
4. The City will allow the expansion of an existing business if the funds are used to stabilize, and expand enterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine related to COVID-19. Any construction/renovation activities and purchase of machinery and equipment fall under this category. A private investment equal to 25% of the project funding is preferred. Exceptions may be considered on a case-by-case basis. Full documentation will be required in verification of other financing sources, applications, rejections and commitments.
5. This program is not exclusively a compensation program for losses. Applicants must commit to creating or retaining one (1) permanent, full time equivalent job for every \$10,000 borrowed or one (1) part time job for every \$5,000 borrowed.

B. Eligible Use of Funds

1. To support existing business reopening or existing business expansion related to COVID-19 and to create or retain jobs. This includes providing working capital assistance to avoid job loss caused by business closures related to social distancing.
2. To reimburse costs including fixed debts, payroll, accounts payable and other documented costs occurring after March 1, 2020 if the business was required to cease operations.
3. To stabilize, and expand enterprises that provide medical, food delivery, cleaning, and other services to support home health and quarantine.

4. To assist with working capital needs for the purchase of inventory, payroll, utilities, supplies and other expenses for operations as they existed pre COVID-19 pandemic. If funds are requested for payroll, the hourly rate per employee must not exceed \$26.44 per hour.

C. Ineligible Activities

1. To acquire an equity position or an interest in a private business.
2. To subsidize interest payments on an existing loan.
3. To invest in interest bearing accounts, CD's or other investments.
4. To engage in land banking and construction of spec buildings.
5. To assist in the relocation of jobs from the City of Williamsport.
6. To fund a project that would create a potential conflict of interest for any officers, employees or any persons involved in the application process, review, awarding or administering of the loan.
7. To provide equity contribution required of applicants participating in federal programs

D. Terms of Funding

1. The maximum funding available is: \$50,000.
2. The minimum amount is: \$5,000.
3. The interest rate is: 0% for the first five (5) years, then 0.5% starting in year six and increasing 0.25% each year through year ten.
4. Payment is deferred for a maximum of two (2) years.
5. The maximum repayment term is a total of 10 years, (8 years plus 2 years deferred).
6. Loans must be secured to the extent possible with whatever collateral is available, which may include real estate owned by a business' principals or other personal or business assets.

E. Application Review Process

A committee will score the applications based on the criteria of the program. Those applications with the highest scores will be prioritized for the first round of funding. City administration, including the Mayor, the Director of Finance, the Community Development Director and a member of City Council, will score the applications. Applications will then be presented to the City Loan Review Committee and the Williamsport Redevelopment Authority.

Applications will be reviewed and considered using the following general criteria:

1. Availability of program funds
2. Financial information and past performance including balance sheets and income statements for existing businesses, assets, credit data, and applicant income (business tax returns will satisfy this requirement).
3. Equity
4. Collateral Analysis including a review of effective value to a creditor of any asset pledged as collateral for the loan

5. Cash Flow Analysis.
6. Impact analysis to determine the extent to which the proposed transaction meets the stated objective of the program as it relates to the COVID-19 pandemic. This includes creation and retention of permanent jobs with consideration given to wages and income levels of jobs created.
7. Retention and expansion of existing industrial base
8. Implication for other local strategies and programs
9. Past performance of applicants who previously received assistance under any City program.
10. Dedicated and experienced management including a history of the applicant and the business
11. Current economic viability of the business including financial condition and bank and trade credit standing
12. Collateral and cash flow to service and secure the loan
13. The business must agree not to sell or move within a period of 10 years
14. Must maintain hazard insurance on all collateral
15. Must carry lines of insurance coverage appropriate to the business – minimum requirements would include business interruption insurance, general liability insurance and worker’s compensation insurance
16. The City of Williamsport must be listed as a lien holder, as applicable

The Office of Economic and Community Development will determine the information needed to insure that the review is consistent with City requirements. As referenced above, applications will be scored based on the criteria of the program and projects will be prioritized.

If the Loan Review Committee approves the application, the application will be forwarded to the Williamsport Redevelopment Authority for final approval. If the application is rejected, an applicant may request a meeting with the Loan Review Committee members or the Redevelopment Authority members.

In no case shall the City of Williamsport or any associated agency engage in discrimination based on sex, race, age, religion, or handicap as a means of refusing participation in the program. Participation by minority owned and women owned businesses as applicants and contractors is strongly supported by the City.

F. Fees and Penalties

The following processing fees apply: (No loan disbursements will be made until all fees are paid in full)

1. Nonrefundable initial application fee of \$500.00 that may be deducted from loan proceeds
2. Closing fees; reasonable and customary legal costs for reviewing, processing (credit report fees), filing and recording, title fees, transfer taxes, document preparation and title insurance premiums
3. Title work when real estate is used as collateral
4. A late payment charge of 5% will be added to all loan payments that are 15 days late

G. General Terms

1. The applicant will receive 50% of the loan proceeds at the time of the loan closing. In order to receive the remaining 50% of the loan proceeds, the applicant must provide supporting documentation on all previous expenditures including copies of invoices and cancelled checks. All expenditures must comply with the approved use of funds.
2. The applicant will be required to complete a quarterly report form detailing program expenditures. Copies of all invoices and cancelled checks supporting the expenditures must be attached to the report. If loan proceeds are anticipated to be exhausted within 3 months, monthly reporting will be required.
3. The applicant will be required to complete an annual progress report detailing its financial stability for the duration of the loan.
4. This program shall not preclude the City of Williamsport exposing to sale through an action of foreclosure, or by the issuance of a writ of execution and attachment, and a sheriff's sale of the subject property in order to recover the balance due on the loan in the event of default.
5. Should the owner sell or transfer ownership of property secured or otherwise fail to meet program requirements the City Loan shall be called due in full.

H. The Role of the Administering Agency

1. Preliminary Actions from the City
 - a. The Williamsport Economic and Community Development Office shall conduct a comprehensive advertising campaign.
 - b. Maintain a waiting list, if necessary
 - c. Perform initial screening of applicants
2. Process
 - a. Applicants for the program shall complete and submit to the City of Williamsport an application obtained from the Office of Economic and Community Development that contains all information necessary for the completion of a preliminary and a final project

summary. The Community Development office may assist applicants with packaging of development proposals and application process or provide other technical assistance.

- b. After the City administration scores the applications, the Community Development Department will prepare a project summary addressing how the project meets funding requirements and will verify that all required documentation has been submitted. When the review is complete, the Community Development Department will schedule a Loan Review Committee (LRC) meeting to review the request. The City Loan Review Committee is comprised of the following members: Finance Director, Community Development Director and the City Controller.
- c. The Community Development Department will notify the applicant in writing of the LRC decision of approval or denial. If the loan is denied, an explanation for the action will be stated. If rejected, an applicant may request a meeting with the LRC or provide additional information within 60 days. If, by majority vote, the LRC recommends approval, the Community Development Department will schedule a review by the Williamsport Redevelopment Authority. If loan approval is recommended, the Williamsport Redevelopment Authority shall approve the City's Right to Receive Payment.
- d. A preliminary environmental determination must be made on the proposed activities to be undertaken if construction rehabilitation or renovation is required. This will involve consultation with the State Historic Preservation Office before any funds are obligated. Other agencies will be contacted on an as needed basis for activities that will effect the environment, such as asbestos removal or lead based paint abatement and other potentially harmful activities.
- e. If the loan is approved, the Community Development Department will prepare a Loan Agreement and security documents that may include mortgages or UCC filings. The documents will clearly state all the terms of the loan including any special conditions that may be required. Once the Loan Agreement and any security documents are signed by both parties, which include the RDA, acting as agent for the City, and the applicant, the loan will be processed.
- f. Borrower's Certification
The Borrower must sign a Good Faith Certification stating:
 - 1. The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
 - 2. The specific use of funds
 - 3. A summary of Job Creation and/or Job Retention requirements.
 - 4. Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
 - 5. The borrower has not received a loan duplicative of the purpose and amounts applied for here

3. Williamsport Redevelopment Authority Functions

- a. Each loan request must be approved by the Williamsport Redevelopment Authority after acceptance by the City's Loan Review Committee.
 - b. The Williamsport Redevelopment Authority approves the Assignment of the Right to Receive Payment by the City of Williamsport's Economic and Community Development Office.
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NOTE:

This Program will be in effect for 18 months from the date that the program is approved by Williamsport City Council. After 18 months, the City administration will review the necessity of continuing a loan program for COVID-19 related disruptions. Continuation of the program after the 18 months is contingent upon the approval of Williamsport City Council.

The RDA will charge a \$125.00 review fee to cover costs for all Subordination Requests. This must be paid by the applicant.

MBE/WBE: It is the policy of the City of Williamsport to encourage applications from minority and women owned businesses. All businesses receiving funding through the City of Williamsport Office of Economic and Community Development are encouraged to utilize the services of minority and/or women owned businesses.

EQUAL EMPLOYMENT OPPORTUNITY: No business receiving funding through the City of Williamsport shall discriminate against any individual because of race, color, religion, sex, national origin, age, disability, or familial status.

FOR FURTHER INFORMATION CONTACT:

Community Development Department
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