

COSHOCTON PORT AUTHORITY (CPA) REVOLVING LOAN FUND (RLF) PROGRAM INFORMATION

The CPA has established an RLF to provide financial assistance to small and emerging business enterprises (see attachment A) located in Coshocton County. The assistance will be in the form of a low interest, fixed rate loan to businesses willing to commit to create new jobs or preserve existing employment opportunities in Coshocton County.

Funding for the RLF Program has been provided by the USDA with matching local funds provided through the CPA. All loans must be in accordance with USDA regulations and CPA policies and guidelines.

Eligible Businesses

Eligible businesses include those engaged in manufacturing, assembly, distribution, research and development, commercial and retail, and service-related activities that meet the USDA definition of a small and emerging business enterprise and are majority owned by U.S. citizens.

Small and Emerging Business Requirements

Small and emerging means any private business enterprise which will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues.

A private business must be owned and controlled either by individuals or by a legally organized non-public entity such as a corporation.

Gross revenues are defined as revenue of a business before deductions for any purpose, except for sales returns. In the case of a manufacturing or merchandising business, gross revenue means gross profit (gross sales receipts less cost of goods sold).

U.S. Citizenship Requirement

To be eligible for the RLF Program at least 51% of the outstanding interest in the project must be owned by those who are citizens of the United States or reside in the United States after being legally admitted for permanent residence.

Eligible Project Costs

- Purchase of land and/or building
- Purchase of machinery and equipment
- Building construction and/or renovation costs. (Construction requires an environmental assessment that can be time consuming and is discouraged from using the RLF Program. Renovation of a building that is fifty years or older requires a lengthy sign off from the State Historic Preservation Office.)
- Purchase of an ongoing business' fixed assets

Ineligible Costs

- Refinancing of existing debt
- Financing of speculative projects or businesses
- Land banking

Factors that Make a Project Ineligible

- Unresolved environmental problems
- Less than 10% cash equity for the project
- Requiring more than 40% financing from the CPA RLF Program
- Do not have proper patent rights, licenses, permits, or certification
- Cannot demonstrate an ability to repay the loan
- Are not willing to offer equal opportunity in their employment practices
- Cannot meet job creation/retention requirements
- Not current with local, state and federal taxes
- Not current with other loans
- Involvement in illegal activities
- Providing False information or withholding information on the RLF documents

Job Creation/Retention

CPA may loan \$15,000 for the creation of one full-time job, or \$10,000 for the creation of one full-time or one part – time/seasonal job being created or \$5,000 for one full time job being retained from loan proceeds within a three-year period. If the applicant wishes to use the RLF Program for job retention, they must clearly state why the jobs are at risk.

Available Funding

The RLF Program has a limited amount of funds available and has established the following criteria to leverage the Program benefits:

- Bank lending participation is required. Only under special circumstances will CPA approve an RLF Loan that does not have bank lending participation.
- An RLF Loan shall not exceed 40% of total eligible project costs.

Term

The term of any loan awarded through the RLF Program should reflect the terms established by the participating bank. It is conditioned upon the useful life of the financed assets with the maximum limit of up to 10 years for real estate (with an amortization to match the bank loan term), and 10 years for machinery and equipment.

Interest Rates

Interest rates will be determined by the CPA, but will fixed at 0.50% less than the current prime rate. In setting the interest rate the CPA will consider the loan term, percentage equity, quality of collateral, etc.

Equity

A minimum of ten percent (10%) owner's cash equity is required and twenty percent (20%) is preferred. The CPA reserves the right to establish equity requirements for each project loan.

Collateral

CPA will require adequate collateral. If there is no bank lender participation, CPA will require a **first priority mortgage and/or lien position**, on the fixed assets being financed. With bank lender participation, **CPA will accept a second mortgage and/or lien position**.

All assets offered as collateral must have a third party appraisal and environmental clearance if applicable. CPA will generally accept the same documentation as provided to the participating bank.

Collateral and Security Requirements

- No transfer of ownership without CPA approval. If sold, the RLF Loan must be paid off as part of the sale; however, assumptions may be considered on a case-by-case basis (required)
- Personal guarantees from owners with more than twenty percent (20%) ownership in the business (required)
- Corporate guarantees from related companies (required)
- Full or partial letter of credit (optional)
- Life insurance on key business owners and/or managers (recommended)
- Other types of credit enhancement, if necessary

Other requirements

- All USDA requirements and CPA policies must be complied with, including but not limited to the following:
- Evidence of life, property and casualty insurance
- Evidence of worker's compensation coverage
- Credit report from bank
- Agreement to report annually on employment and equal opportunity
- Proper execution of all required USDA and CPA documents
- Provide Current Certificate of Good Standing from Ohio Secretary of State

Program Fees

CPA shall have the right to charge and collect from the applicant/borrower the following:

- Application Fee: A \$100 non-refundable application fee is payable with the submission of the application to CPA
- Credit Report Fee: A \$30.00 non-refundable credit report fee is required if you are not providing a credit report less than 30 days old from the participating bank.
- Closing costs: After RLF Loan approval, Borrower shall pay estimated legal fees prior to the loan closing. All other closing costs shall be deducted from the loan proceeds. [CPA reserves the right to retain legal counsel to properly prepare closing documents.]

Participating Lender Rates and Terms

Interest rates, terms and fees are negotiated between the business and the bank lender.

The Coshocton Port Authority reserves the right on a case by case basis with exceptions to be recommended by the Executive Director to the RLF Committee and approval by the CPA Board of Directors.

In Accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs).

To file a report of discrimination, write:

USDA, Director
Office of Civil Rights
1400 Independence Avenues, S.W.
Washington, D.C. 20250-9410

Or Call:

(800) 795-3272 (Voice)
(202) 720-6382 (TDD)

Attachment A

UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)
DEFINITION OF
SMALL AND EMERGING PRIVATE BUSINESS
(Attachment A of RLF Program Information)

A private business must be owned and controlled either by individuals or by a legally organized nonpublic entity such as a corporation.

Small and emerging means any private business enterprise which will employ 50 or fewer new employees and has less than \$1 million in projected gross revenues.

Required Documents

Items to be completed prior to the time the RLFC formally considers a loan request.

ITEM	COMPLETED		COMMENTS
	YES	NO	
Completed Application			
Credit Report (Less than 30 days old)			
Credit Report Fee \$30.00 if CPA needs to Provide Report			
Criminal Background Check (Recommended)			
Business Plan			
Project Description & Budget			
Debt Schedule			
Three Prior Years Tax Returns			
Current Profit and Loss and Balance Statement			
Three (3) Years Projected Financial Statements			
Resumes of Officers and Key Management Personnel			
Letter of Commitment from Participating Bank			
Certification of US Citizenship (Driver's License or Social Security Card)			
Statement of Jobs Created or Retained			
Proof of Insurance life, property and casualty			
Proof of Workers Compensation			
Agreement to Report Annually			
Application Fee			