

# **The Office of Economic and Community Development City of Bradford**

## **Intermediary Relending Program**

### ***Eligibility:***

Manufacturing, startups, retail, service and non-profits.

### ***Purpose of Program:***

The goal of the IRP is to lend to manufacturing and manufacturing related businesses that are planning an expansion or new startup manufacturing and manufacturing-related businesses. Loan funds are also available for service and retail businesses that want to improve or expand their existing business as well as non-profit economic development and revitalization corporations for the purpose of providing quality space for businesses through the rehabilitation of existing buildings and the construction of new facilities.

### ***Ownership:***

Must be citizens of the United States or reside in the United States after being legally admitted for permanent residence. In the case of an organization, at least 51 percent of the outstanding membership or ownership must be either citizens of the United States or residents of the United States after being legally admitted for permanent residence.

### ***Use of Funds:***

IRP Loan funds can be used for land acquisition and site development, building construction and renovation, interim or bridge financing, machinery and equipment, and working capital.

### ***Service Area:***

100% of the loans will be made in McKean County, targeting the City of Bradford, Bradford Township, Foster Township and the Borough of Lewis Run.

### ***Fees:***

A \$500.00 non-refundable fee for loans over \$100,000 due at the time of application (\$250.00 non-refundable for loans under \$100,000), 1% of the loan amount at closing (less the amount paid up front), technical assistance fee of \$100.00 on each anniversary date of the loan closing. Recipients are responsible for all legal and filing fees.

### ***Rate:***

1% below current prime rate with minimum not to fall below 2% and maximum not to exceed 5%.

### ***Term:***

Some flexibility, but generally real estate – 15 years, machinery and equipment – 5-10 years or no longer than the useful life of the machinery, working capital – 3 to 5 years.

**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.**

**To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410, or call (800) 795-3272 (voice), or (202) 720-6382 (TDD).**

**Collateral:**

The OECD will secure each loan to the maximum extent possible while striving to leverage funds from other sources. Through security agreements may take position in real estate (appraisal required), equipment and machinery, inventories and receivables, and may request personal guarantees.

**Bank/Equity Participation:**

The IRP Loan Program also requires bank or equity participation. An example of an IRP loan follows:

Total Project Cost	\$150,000
Amount of Bank Loan or equity (25%)	<u>\$ 37,500</u>
IRP Amount	\$112,500*

\*Maximum IRP Loan - \$150,000.

**Application Process Requirements:**

Application form, business plan, business and personal financial statements. A credit report is obtained from The Credit Bureau of Erie Pennsylvania and inquiries are made to the city of Bradford and McKean County offices. City utilities including water, sewer and garbage must be paid up along with all city, county and school real estate taxes to receive loan approval.

**Employment Requirement:**

The OECD will require, as a condition of eligibility for an IRP Loan that the recipient certify in writing that it will employ 10-20% of its workforce from members of families with income below the poverty line. The state poverty level is \$18,400.

**Monitoring and Reporting Requirements:**

Regular payments as agreed, quarterly or monthly financial statements, yearly financial statements prepared by independent CPA, annual audit, annual Performa cash flow, etc.

**Insurance Requirements:**

- Hazard Insurance with a standard mortgage clause naming the OECD-City of Bradford as beneficiary. Hazard insurance includes fire, windstorm, lightning, hail, business interruption, explosion, riot, civil commotion, aircraft, vehicle, marine, smoke, builder's risk, public liability, property damage, flood or mudslide, etc.
- Life insurance, which may be decreasing term insurance, is required for the principals and key employees of recipient.
- Workmen's compensation insurance on recipient is required in accordance with the State law.
- Flood insurance if located in a special flood or mudslide hazard area.

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***Environmental Requirements:***

At the earliest possible planning stage, determine the potential environmental impact to minimize the potential to adversely impact the environment. The recipient must cooperate and furnish such information and assistance to make any environmental determinations.

***Equal Opportunity and Nondiscrimination Requirements:***

The recipient will not discriminate against any employee on the basis of sex, marital status, race, color, religion, national origin, age, physical or mental disability.

***Handicap Accessibility:***

The recipient's office facilities and all places where the recipient meets with the public must be accessible to the public where physically handicapped persons may be employed or visit. The office layout must be in compliance with the Uniform Federal Accessibility Standards (UFAS) or the Americans With Disabilities Act (ADA), as appropriate. If the office is not currently in compliance, a transition plan must be developed to bring the office in compliance over a one-year period of time.

***Contact:***

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