



# **Lackawanna County COVID Recovery Loan Program Guidelines**

**Funding Provided By:**



### **Background:**

The Lackawanna County Recovery Loan Program was created to provide capital to businesses impacted by the COVID-19 pandemic. The program is administered by MetroAction, a non-profit affiliate of the Greater Scranton Chamber of Commerce.

Funding for this program was provided by Lackawanna Industrial Fund Enterprises (LIFE), Lackawanna County and the Commonwealth of Pennsylvania.

### **Purpose:**

To assist established Lackawanna County businesses who have been impacted by the COVID-19 pandemic.

### **Eligibility:**

- For-profit, non-franchised, businesses located in Lackawanna County.
- Businesses that are currently open or intend to continue operations in Lackawanna County.
- Business that are current on all Federal, State, and local taxes.
- Applicant must have a credit score more than 600.
- Business must support a debt service coverage ratio of 1:1 or better.

### **Ineligible Businesses:**

- Businesses that cannot support a debt service coverage ratio of 1:1 or better.
- Businesses that are in active default (not on a payment plan) with taxes or fees owed to state, local or the federal government.
- Businesses engaged in any activity that is illegal under Federal, State or local law.
- Non-profit organizations.
- Passive real estate companies and investors who file a Schedule E on their personal tax returns.
- Real estate businesses in which a majority (>51%) of their income is rental income.
- Any owner of 20% or more of the equity of the applicant business is presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction.
- Businesses not located in Lackawanna County.

### **Other:**

- **Business owners with more than 20% ownership are only allowed to apply for ONE loan for ONE business through the fund.**
- **Any person owning 20% or more of the business must personally guarantee loan. A person can personally guarantee ONE loan as part of this program.**
- **Priority will be given to businesses currently in operation.**

**Eligible Use of Funds:**

- Working capital to be used by the business for operations. Eligible uses include, but are not limited to, lease or mortgage payments, utility payments, payroll, and other operational expenses.
- Purchase of machinery, equipment or technology that will allow the business to expand its operations.

**Financing Amount:** Up to \$25,000.

**Term:**

Maximum thirty-six (36) month term. Loan payments will be deferred for three (3) months. The loan will be amortized over 33 months.

**Rate:**

1% interest rate

**Guarantees:**

The loan is required to be guaranteed by each individual or entity with a 20% or greater ownership interest in the business enterprise.

**Debt Service Requirement:**

The total debt service coverage ratio must be at least 1:1 or better.

**Loan Process:**

Each applicant will be required to complete an application. The applicant will be asked to provide the information listed below:

- Basic information as it pertains to the applicant\* and the business entity.
- Amount of funding that is requested.
- A description of how the funding will be used.
- An applicant self-certification regarding program guidelines, use of funds, etc.
- Any other information deemed necessary to review the application.

**\*A credit report will be pulled for each applicant owning 20% or more of the applicant business.**

Once this information is submitted and reviewed, MetroAction staff may follow-up with the applicant with a list of additional information that may be needed as part of the underwriting process.

**Collateral:**

Collateral for this program may be required if deemed necessary as part of the underwriting process. The applicant business will be responsible for all fees associated with required collateral filings.

**Application Procedure:**

The application and instructions will be posted to [www.metroaction.org](http://www.metroaction.org).

The application will remain open until funding for the program is exhausted.

The applicant business must submit a completed application, respond to all questions, and submit all supplemental information identified in the application. Hard copies of the application will not be accepted. Applications will only be reviewed if they are considered complete and include all required documentation.

Completed applications will be reviewed by a volunteer review committee. Additional or updated information may be requested as part of the underwriting process.

Funding for this program will be provided to approved applicants on a first come, first served basis until funding is exhausted.

Any material misrepresentation in any application or misuse of loan funds may cause for rejection of an application or calling a loan in default.

**Program Availability:**

This program shall remain in effect for one year from the date of its launch or until funds are exhausted.