

Lancaster City Revitalization and Improvement Zone (CRIZ) Small  
Business Financial Assistance Program: Loan Guidelines

**Purpose of these Guidelines:**

These Guidelines provide information for existing small businesses or new businesses that are in the CRIZ district, and are seeking financing to develop, expand or improve their businesses.

**ELIGIBLE APPLICANTS:**

Businesses that are owner operated and are engaged in commercial, retail, or mixed use will be considered, including:

- Existing businesses that have filed annual reports but are not receiving any direct CRIZ benefit to the business.
- New businesses moving in to the CRIZ district focusing on vacant, underutilized or undeveloped properties.

**MAXIMUM LOAN AMOUNT:**

The maximum loan is \$100,000. The loan amount must be matched \$1.00 of private funding to \$5.00 of CRIZ financing.

**ELIGIBLE COSTS:**

- Acquisition, demolition, construction, renovation of a property, including leasehold improvements.
- New equipment related to expansion of an existing business.
- Façade improvement if the property is owned by the business, or the property owner agrees to the façade improvement.
- Activities that would assist in removing impediments to the development of a property (ex. environmental remediation).
- Acquisition of existing equipment when buying the assets of an existing business to continue operations under new ownership.

The CRIZ Authority reserves the right to determine the loan amount based on the intended use of the proceeds and the financial and capital assets of the applicant.

**LOAN CONDITIONS:**

- Project site must be in the CRIZ district and meet all other State CRIZ requirements.
- Prevailing wages are applicable for projects exceeding \$25,000, if used for anything other than acquisition only.
- Must demonstrate the ability to repay the debt.
- Provide all documentation requested on the Application including the creation/retention of jobs and demonstrate livable wages.
- An expectation that the business will create a reasonable amount of annual CRIZ tax revenue.

**TERMS OF THE LOAN:**

The terms will be determined by the needs of the project and the economic life of the asset being financed. The CRIZ Authority will make the final decision, but it will not exceed the term of private sector financing or 15 years for fixed assets, whichever is less. For machinery and equipment, the term shall equal to the anticipated useful life of the equipment or five years, whichever is less.

**INTEREST RATE:**

The interest rate will be determined by the project need but normally the rate will match the current PA Department of Community and Economic Development (DCED) interest rates for their small business financing programs. While this will establish the minimum rate, the final rate will be dependent on the cost of the bond financing acquired by the CRIZ Authority to finance the loans. For the most current interest rate, refer to the website under the PIDA & First Industries Rate, <http://edcfinancecorp.com/>.

**EQUITY REQUIREMENTS:**

Owner must provide a minimum of 10% of the total financing required or the loan must be matched by \$1 of private financing to \$5 of CRIZ financing.

**COLLATERAL:**

Access to collateral equal to the loan amount is expected.

**LOAN FEES:**

The non-refundable loan processing fee will be \$150. The borrower shall also pay all closing costs including the CRIZ legal fees. The exact fee shall be provided prior to closing, and can be included in the amount financed.

**DEFAULT:**

If there is material default of the loan, the City may at its discretion establish a new interest rate on the outstanding balance of the loan from the date of occurrence, to the Commercial Prime plus 2%.

**LOAN APPROVALS:**

The Loan application and all information must be submitted to Lancaster CRIZ Staff. The information will then be reviewed by the CRIZ Project Review or Finance Committee. A recommendation to approve the loan will be presented to the CRIZ Authority for approval. Applicants are required to attend the committee and Board meetings.

**DOCUMENTATION REQUIREMENTS:**

To be considered for the Program, please submit everything on the application checklist.

Send all information in paper format or on a flash drive to:

Lancaster CRIZ Authority  
Attention: Jeremy Young, Lancaster City Alliance  
115 East King Street, 4th FL  
Lancaster, PA 17602  
(717) 696-6200  
jyoung@teamlanc.org

City Revitalization and Improvement Zone (CRIZ) Small Business Financial  
Assistance Program: Loan Application Checklist

The following information must be submitted to be considered for the CRIZ Small Business Loan Program, unless waived by the CRIZ Authority.

- 1. Completed Application.
- 2. Business Plan. The business plan should include the information requested in the "Business Plan Outline".
- 3. Detailed Description of Project. Include a summary of financing needs and the anticipated benefit of the loan.
- 4. Business Financial Statements. Include balance sheets and income statements for the last 3 years if available.
- 5. Business Tax Returns (for the last 3 years, if available).
- 6. Projected Cash Flow Statements (the next 12 months) including estimated CRIZ revenue to be generated annually.
- 7. Personal Financial Statements. Owner, and (Guarantors) must complete and sign.
- 8. Personal Signed Tax Returns for All Owners (for the last 3 years).
- 9. Personal Budget Statement if not an existing business.
- 10. Resumes of all owners.
- 11. Describe the collateral available to secure the loan including dollar value and how the valuation was determined.
- 12. For all equipment purchases and/or minor building renovations, provide estimates and/or suppliers price quotations
- 13. If you are planning to purchase real estate, submit a copy of the Agreement of Sale. If you lease, provide a copy of the lease. If you own the property to be renovated submit a copy of the lease to the business.
- 14. Commitment letters for any additional funds required.
- 15. Application fee of \$150.

## Business Plan Outline

As part of the information requested in the Loan Application Checklist, all businesses should include a Business Plan in the Loan Application Package. This business plan should include, at a minimum, information related to the areas listed below:

a. Purpose of Your Business

- What product or service are you selling?
- What is unique about your business?
- What are your company's strengths and weaknesses?
- What is the nature of this industry?

b. Description of Market

- Who are your target customers?
- How large is the target market for your product?
- Is the market growing?
- What are your marketing and advertising strategies?
- What is your company's pricing strategy?
- What contracts or purchase orders do you currently have?

c. Description of Competition

- Who are your competitors?
- What are your competitor's strengths and weaknesses?
- What has been the failure rate of your competitors in the last few years, and why have they failed?

d. Description of Management Capacity

- What is your experience in this industry?
- What is your management background?
- Who will manage the business?
- Do you have a lawyer, accountant, or consultant to assist management?
- Who are the other key management people within your company?

e. Description of Legal Status

- How are you legally organized? (sole proprietor, partnership, corporation-C or S, nonprofit, cooperative, etc.) When was the business formed? Include a copy of the legal documents proving your organization's status.

Please note that these questions are only a guide to some of the topics you may need to address. Not all of them will apply to all businesses, and just answering this list will not adequately describe every business. Please include information that you believe will be helpful to the committee and CRIZ Authority to best understand your business.