



LUZERNE COUNTY'S BUSINESS DEVELOPMENT REVOLVING LINE OF CREDIT PROGRAM

OBJECTIVE: The goal of the Business Development Revolving Line of Credit (“BUDLOC”) is to assist in the growth and development of small business, including start-up and expansion of these businesses while strengthening existing jobs and creating new employment opportunities. The program is offered by Luzerne County Commissioners through the Office of Community Development (“OCD”) and the Industrial Development Authority (“Authority”). The OCD will facilitate application processing and loan closings, with ultimate approval/disapproval and loan guarantee being the responsibility of the Authority.

BUDLOC provides a small business with financial resources for use during the asset conversion cycle of the business. The small business is not burdened with the monthly principal and interest costs of a working capital term loan.

The small business can manage the use of the BUDLOC thus enabling it to minimize the interest expense necessary to operate. By empowering the small business to manage the BUDLOC, net income improves and the business strengthens the opportunity to improve profits, secure and expand jobs, and purchase good and services from the local economy.

ELIGIBILITY: To participate in the BUDLOC program, a Lender must first execute a BUDLOC Lender’s Agreement with the Authority. Only one agreement is initially required to be a participant. The Lender must apply for BUDLOC funding on behalf of the business. The lenders will utilize its credit underwriting standards in reviewing a line of credit. Security and collateral for the loan must be consistent with the Lender’s loan policy. The BUDLOC is eligible only for those loans that would not be approved for the amount or term without the BUDLOC credit enhancement.

PROGRAM FINANCING: The BUDLOC program provides a small business, through a participating lending institution (“Lender”), the ability to be approved for a secured revolving line of credit utilizing a guarantee that would cover 50% of the non-recoverable portion of a loan, up to a maximum of \$50,000 for a total loan amount of \$100,000. The term of the BUDLOC is typically one year but cannot exceed three years. The Lenders interest rate and fee to the small business should reflect the nature of the business, risk factors, market conditions and the BUDLOC credit enhancement.

PROGRAM MECHANICS: An application is completed by the Lender on behalf of the small business and submitted to the OCD. Applications can be submitted at any time. The submission will be reviewed to determine if the program parameters are met in the Authority’s sole discretion, and the Lender will be notified of the approval/disapproval with or without explanation. An approved submission will receive, along with the notification of approval, a Borrower and Lender Certification and Loan Guarantee. The Lender will provide an explanation of the need for the guarantee and that “but for” the BUDLOC guarantee, the business would not qualify for the amount and term of the loan.

The Lender will provide a copy of the loan write-up and supporting documentation. The Lender certifies to this requirement, upon its request for BUDLOC for the Small Business.

Upon receipt of the executed BUDLOC documents and exhibits and Lender notification of loan closing date, the Guarantee will be executed and delivered to the Lender reflecting the closing date. The Lender has 90 days from the date of approval to close on the guarantee. The Lender will service the entire loan and will remain the secured party of record. The entire loan will be secured by the same security and equal priority for the guaranteed and unguaranteed portions of the loan.

Upon successful performance by the small business, the Guarantee shall expire. If the Lender is not able to collect full repayment, the Authority will be responsible under the terms of the guarantee and agreement for funding 50% of the principal balance of the line of credit, that was not recovered utilizing loan workout standards of the Lender. The Lender shall comply with the all conditions of the agreement with the Authority.

FEES: The BUDLOC application fee is \$200.00

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

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

FOR FURTHER INFORMATION CONTACT:

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