

**PADCO Micro-Entrepreneur Operating Capital Loan**

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Applicant Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Business Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Dba (if applicable): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Number of Employees: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Part-time: \_\_\_\_\_\_\_\_\_\_\_\_\_\_ Full time: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Type of Business: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (ie- S Corp, Sole Prop, LLC, etc.)

EIN#: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Business Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Phone of Managing Member or Agent of Applicant: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Email of Managing Member or Agent of Applicant:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Amount of Loan Requested (up to $15,000):

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Ownership:**

Please have all owners who hold any ownership interest in the business fill out the provided Personal Financial Statement.

**Purpose of Loan:**

Please submit the intended use of the loan in a typed document and add it to the application as Addendum A. Please include your need for the loan. The total amount of the loan requested may represent no more than 75% of the total project cost. Please note, the remaining 25% of the project cost cannot be obtained from federally funded programs. Please convey the total project cost and the source of the additional funds.

*NOTE: The Owners or Members of the Applicant and/or the Personal Guarantors will be required, prior to consideration of the loan, to sign an Agreement that the proceeds of the loan will not be used for any purpose other than those disclosed on Addendum B. The Owners or Members of the Applicant and/or the Personal Guarantors further agree that any failure to do so will be considered a default of the Promissory Note and Personal Guarantees required to be signed as a condition of the loan and that the loan will require immediate repayment; and, if immediate repayment is not made, the interest rate will be converted to a default rate to be determined by PADCO.*

**Collateral:**

This loan will be secured by promissory note from the borrowing entity which must be personally guaranteed by each of the business owners.

**Proof of creditworthiness and collateral availability:**

Please submit with your application the last TWO years of income tax returns processed by the Applicant (company and personal) and add to the application as Addendum C.

Please submit with your application the 2021 year-end financial statement of the Applicant and any financial statements prepared since July 1, 2022, and add to the Application as Addendum D.

The applicant will be responsible for the cost of a lien search conducted on each owner of the business to ascertain any liabilities which may impair an owner’s ability to repay PADCO in the event of default. PADCO reserves the right to reject an application based on the existence of liabilities against one or more owners which may interfere with an owner’s ability to repay PADCO in the event of a default. All applications are subject to and contingent upon Applicant’s ability to furnish PADCO with business entity documentation demonstrating the applicant’s authority to apply for and accept the loan as well as PADCO’s determination that PADCO will be sufficiently secured in advancing the loan.

Please submit with your application the attached personal financial statement for any owner of the applicant owning 20% or more and attach to the application as Addendum E.

**Repayment of Loan:**

Please submit a brief financial summary of how you intend to repay the loan. If the business is NOT been cash flow positive for the last 24 months financial projections including debt service may be required. Please add this to the application as Addendum F.

**PADCO Micro-Entrepreneur Operating Capital Loan:**

* All applicants may apply for borrowing not to exceed $15,000. The amount borrowed may not exceed more than 75% of the total project cost.
* Loan funding will be at the sole discretion of the PADCO Finance and Executive Committees. Items that will be considered for loan funding will be:
	+ Need for loan
	+ Order of received applications
	+ Ability to pay back the loan
	+ Credit Score of Applicant
* Loans may be used for operating capital expenses specific to the business including:
	+ Rent or Lease (not payable to any landlord with whom you hold ownership)
	+ Utilities
	+ Payroll
	+ Inventory

*\*At any point PADCO may request receipts showing the use of borrowed funds\**

* The term of the loan is 60 months
* The loan has an introductory rate of 5% for 6 months and will escalate to 7% after this period
* This loan will be secured by the personal guarantee of any and all principals or interests of the business who have 20% or more ownership
* There is a $100 application fee and a $250 processing fee associated with the PADC) Micro-Entrepreneur Operating Capital Loan Program
* All applicants MUST have an existing business within the Pottsville corporate city limits
	+ All local, state, and federal taxes must be current (proof may be required)
* Non-profits are eligible to apply but will be held to the same application expectations as for-profit businesses
* All applicants must be micro-entrepreneurial in that they have 10 or less FTEs (full-time equivalent employees)
* Federal guidelines prohibit the use of loan funds for explicitly religious activities

**CERTIFICATIONS**

The authorized representative of the Applicant must certify in good faith to all of the below by initialing next to each one:

\_\_\_\_\_ The funds will be used to retain workers through payroll expenses, make lease payments, secure goods or services for operating capital, or utility payments, as specified under the PADCO Micro Entrepreneurial Loan Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

\_\_\_\_\_ I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from Pottsville Area Development Corporation is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to $250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than $5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than $1,000,000.

\_\_\_\_\_ I acknowledge that the lender will confirm the eligible loan amount using the required documents submitted. I understand, acknowledge, and agree that the Lender can share any tax information that I have provided with Pottsville Area Development Corporation’s (PADCO) Finance and Executive Committees, for the purpose of compliance with PADCO Loan Program Requirements and all PADCO reviews.

\_\_\_\_\_ I further certify that all local, state, and federal taxes are current including but not limited to, income tax, payroll tax, business privilege tax, and property tax.

\_\_\_\_\_ I certify that the applicant/potential borrower has sought credit elsewhere and/or that the rates and terms available within the community are outside the range of the applicant’s/ potential borrower’s affordability.

Is the Applicant (if an individual) or any individual owner of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole?

Yes \_\_\_\_\_\_ No \_\_\_\_\_\_ Initial here \_\_\_\_\_\_\_

Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?

Yes \_\_\_\_\_\_ No \_\_\_\_\_\_ Initial here \_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature of Authorized Representative of Applicant Date

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name of Authorized Representative of Applicant Title

**Submission Rules**

Applications will only be accepted with all required information, documents, and signatures. All applications should be submitted to info@pad-co.com starting Thursday, September 15th, 2022 at 8:00 A.M.