



**Downtown Food and Beverage Revolving Loan Program**

**Dear prospective and existing restaurateurs and proprietors of food and beverage service establishments in downtown Chambersburg:**

Based on a grant from the United States of Department of Agriculture (USDA) and seed money provided by Downtown Chambersburg, Inc. (DCI) the Downtown Food and Beverage Revolving Loan Program (THE PROGRAM) is a revolving loan fund that has been created to modestly assist the development of new and existing restaurants and other food and beverage establishments within downtown Chambersburg. Our goals are to help entrepreneurs and business owners start and expand successful businesses in an effort to bring jobs and economic prosperity to Chambersburg, to spur private investments in our shared downtown, to redevelop underused properties, to aid in economic recovery from the COVID-19 pandemic and to assist businesses in making alterations to operate in a post-pandemic world.

To reach this goal, THE PROGRAM provides low-interest revolving loans through DCI and administered by the Greater Chambersburg Chamber of Commerce. The intent of THE PROGRAM coincides with the missions of USDA and DCI to create conditions that build a diversely vibrant economy throughout downtown Chambersburg. There are limits to the capitalization of THE PROGRAM and thus limits on funding that can be made available.

The program administration is guided by the objectives, procedures, and criteria explained below.

Eateries and other food and beverage services within the geographic areas defined in these guidelines may apply for low-interest revolving loan funds for a variety of purposes, including:

- a) Equipment and inventory purchases
- b) Building improvements and tenant fit-outs
- c) Facade improvement and signage
- d) Gap financing for business development projects
- e) Fixed assets

\*Non-traditional funding may be available through organizations such as CDC that may work better for your project or in-tandem.

**Under no circumstances will personal loans be made to individuals, and loans will not be made to support mortgage payments, supplement rent, or satisfy tax or other liens.**

**Applications may be immediately disqualified if the applicant owes back payments or penalties toward rent, mortgage, taxes, or sewer/refuse.**

An advisory council, appointed by DCI. and comprised of volunteer community and business representatives, will evaluate applications on a case-by-case basis guided by the objective evaluation criteria noted below. The advisory council shall review the loan applications and make recommendations to the DCI board of directors, who will make final decisions.

THE PROGRAMS's aim is to build a modest portfolio of borrowers. DCI and the Greater Chambersburg Chamber of Commerce will be responsible for maintaining account balances and reporting.

**Advisory Council Evaluation Criteria (such as):**

- Comprehension and strength of application

- Strength of business plan or business concept
- Impact based on proposed use of funds (i.e., job creation, visibility, neighborhood impact)
- Strength of financial statement and likelihood of loan repayment
- Strength of private commitment and leveraging
- Duration of business hours (e.g., is business open on Sundays?)
- Minority-owned enterprise
- Requested loan amount
- New business impact. Is the applicant a currently existing establishment eatery or other food or beverage service business that is relocating or expanding to downtown Chambersburg? Is the applicant a first-time business start-up that will provide a new eatery or other food or beverage service business to Chambersburg? Is the applicant a currently existing, established Chambersburg business that is opening a new eatery or beverage establishment in addition to an existing Chambersburg eatery or beverage establishment?

## **Downtown Food and Beverage Revolving Loan Program Overview**

Administered by DCI, THE PROGRAM is available to food and beverage businesses currently located, or planning to locate, in Chambersburg Borough, Pennsylvania as defined by the enclosed boundary map. "Food and beverage service business" is defined as a sit-down eatery, restaurant, beverage service business, or a food vendor at the North Square Farmers Market. THE PROGRAM is capitalized by USDA's Rural Business Enterprise Grant, operated under guidelines established by the USDA, managed by DCI, and administered through a partnership between DCI and Greater Chambersburg Chamber of Commerce. The following is a summary of program elements and requirements.

### **1. Borrower Eligibility**

- a. THE PROGRAM'S activity must be located within the bounds set forth in these guidelines.
- b. THE PROGRAM's activities must create or retain year-round job(s). If the loan is based upon the retention of jobs, the borrower must clearly demonstrate that the job(s) would be lost without THE PROGRAM.
- c. Public organizations are not eligible.

### **2. Ineligible Activities**

- a. Acquire an equity position in a private business.
- b. Subsidize interest payments on an existing loan.
- c. Provide the equity contribution required of borrowers under the federal loan programs.
- d. Enable a borrower to acquire an interest in a business.
- e. Refinance existing debt.
- f. Invest in interest-bearing accounts.
- g. Fund more than 20% of the down payment cost toward the purchase of real property for business.
- h. Fund mortgage payments, rent, or tax or sewer liens.

### **3. Interest Rate**

The interest rate shall be fixed at 2%.

#### **4. Terms**

The loan will consist of installments for a maximum term of five years, but this may be renegotiated depending on the loan amount, ability to repay, and other factors. If the participating applicant violates the terms of repayment, DCI reserves the right to affix a lien to material, equipment, infrastructure, or other assets to recover its loan value.

#### **5. Private Leveraging**

THE PROGRAM should be used in conjunction with private investment of at least one dollar for every one dollar administered. Private investment, to be classified as leveraged, should be made concurrently with THE PROGRAM as part of the same business development project and may include capital invested by borrowers or others, bank financing, or 90% of the guaranteed portions of SBA7(a) and SBA 504 debenture loans.

Private investments do not include equity build-up in a borrower's assets or prior capital investments by the borrower. Full documentation will be required with verification of other financing sources.

#### **6. Maximum Loan Amount**

The program may offer cash-secured term loans between \$1,000 and \$50,000, not to exceed \$50,000. Loan amounts to any one borrower will depend on the following:

- a) The amount of THE PROGRAM's base capital available for lending.
- b) The number of year-round full-time jobs or their equivalent to be created and/or retained by the borrower.
- c) The total project cost, bearing in mind THE PROGRAM will only fund a percentage of this amount.

#### **7. Loan Fees**

In rare instances, additional costs may be added to the amount of the loan approved at the discretion of the advisory council. These costs may include those associated with the acquisition of real property (e.g., deed recording, satisfaction costs). Appraisals for real estate or business assets will be arranged by the lender and paid by the applicant at the time of the appraisal. If the underwriter requires an environmental study, the applicant will pay that cost at the time of the study. If the collection proceedings are necessary, any costs will be borne by the borrower.

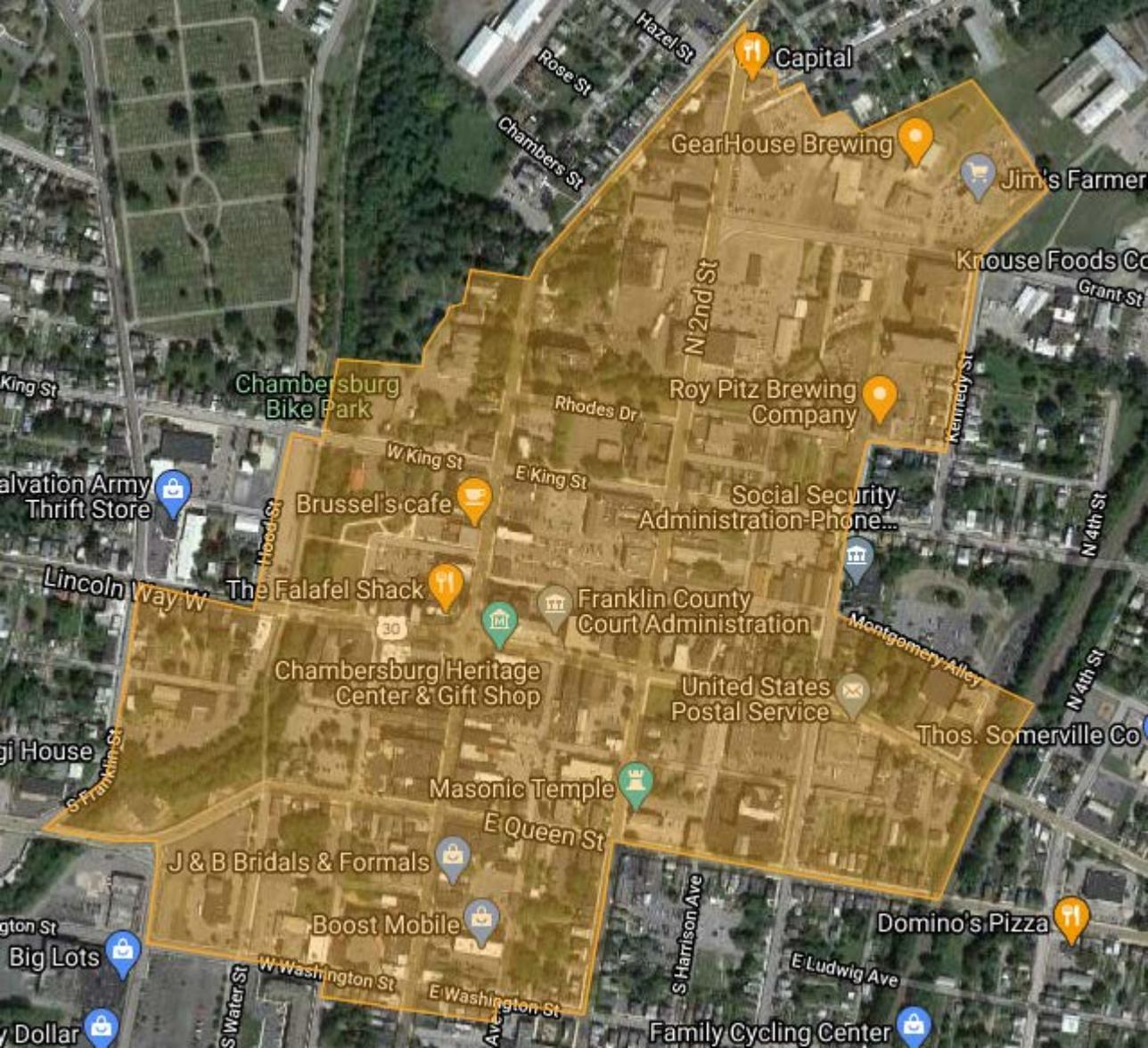
#### **8. Repayment**

DCI, in coordination with the Greater Chambersburg Chamber of Commerce, will determine and coordinate all repayment terms and conditions. DCI will charge an interest rate of 2% on the entire loan amount. Interest assessment may be directed toward administrative costs associated with THE PROGRAM. Principle repayments will be reapplied to THE PROGRAM to ensure THE PROGRAM's continuance.

Direct questions to Samuel J. Thrush, AICP President, Downtown Chambersburg Inc., 100 Lincoln Way East, Chambersburg, PA 17201. (717) 264-7101, ext. 204. sthrush@chambersburg.org.

This institution is an equal opportunity provider. Full nondiscrimination statement may be found at [www.downtownchambersburg.org](http://www.downtownchambersburg.org).

DRAFT



Capital

GearHouse Brewing

Jim's Farmer

Krouse Foods Co

Roy Pitz Brewing Company

Chambersburg Bike Park

Social Security Administration-Phone...

Salvation Army Thrift Store

Brussel's cafe

Franklin County Court Administration

Lincoln Way W

The Falafel Shack

United States Postal Service

Chambersburg Heritage Center & Gift Shop

Thos. Somerville Co

Masonic Temple

J & B Bridals & Formals

Boost Mobile

Domino's Pizza

Family Cycling Center

Big Lots

Dollar