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The Northwest Commission is a Local Development District serving an eight-county region of Northwest Pennsylvania that includes Clarion, Crawford, Erie, Forest, Lawrence, Mercer, Venango and Warren counties.

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## COVID-19 Working Capital Access (CWCA) Program Loan Tips

If your business is located in our service area, we are a CEDO (Certified Economic Development Organization) and can assist you when applying to the Commonwealth's COVID-19 Working Capital Access Program.

### **Eligibility**

Are you a for-profit corporation, limited liability company, partnership, proprietorship or other legal business entity located in the Commonwealth of Pennsylvania?

YES? Keep Reading....

Do you have ***fewer than 100 employees worldwide*** at the time of application?

YES? Keep Reading...

Are you ***current with all your tax obligations***, federal, state and local? If no, are you current with the workout agreement you have with the respective taxing authority?

YES? Keep Reading...

Are you, other owners, or managerial owners ***related to any officials or employees*** of DCED or the CEDO?

No? Keep reading

Yes? We need to know that. Potential conflicts of interest must be disclosed.

If you have applied for Economic Development Loan Programs in the past, you know we typically require a number of Jobs to be created or retained, ***not this time***.

Just keep reading...

Do you, others, or another corporation ***own 20% or more*** of your business?

Each of you will be required to provide a ***personal or entity guarantee*** for the loan

### **Definitions**

***Retail/Service*** is defined as a for-profit business entity that is involved in the business-to-business service, business-to-public service, mercantile, commercial, or point of sale retail sectors

***Agricultural producer*** is defined as a business involved in the management and use of a normal agricultural operation for the production of a farm commodity. A "farm commodity" is any Pennsylvania grown agricultural, horticultural, aqua-cultural, vegetable, fruit, and floricultural

product of the soil, livestock and meats, wools, hides, furs, poultry, eggs, dairy products, nuts, mushrooms, honey products and forest products.

**Working capital** for purposes of this program is considered capital used by a small business for operations, excluding fixed assets and production machinery and equipment.

## **Application**

### **How do I know how much to apply for?**

The maximum loan amount is \$100,000.00. But to be fair and help as many businesses as we can, this is how you calculate **your business's maximum loan request**...

Are you a retail/service related business?

Add up your operational expenses for **the past 6 months** and any current invoices due. Don't count loan repayments, dividend distributions, return of capital to owners, partners or shareholders. You can count ordinary compensation for services rendered. (your payroll) **Divide that number by 2.** You will be able to apply for a loan in that amount. The other half will be considered "match" to the project.

All other for profit businesses...

Add up your operational expenses for the **past 3 months** and any current invoices due. Don't count loan repayments, dividend distributions, return of capital to owners, partners or shareholders. You can count ordinary compensation for services rendered. (your payroll) You will be able to apply for a loan in that amount. There is no match requirement for you.

## **Loan Considerations**

What is the interest rate, payback terms, collateral?

Agricultural Enterprises- **2%** interest

All other for profit businesses – **0%** interest

Everyone has the same payment schedule, no matter the rate. **In year one, no payments** will be made. In years 2 and 3, you will make principal and interest payments based on a 12 year amortization schedule. This will keep your payments low while you're getting back on your feet. At the end of year three, a balloon payment of the loan's balance will be due.

**Collateral** will be a **blanket lien on all business assets current and acquired in the future** at the highest lien position possible.

**Debt Service Requirement** we will be calculating this ratio during the application analysis, **EBITDA/Total Debt Service**. To move the application along for final consideration, **your ratio must be 1:1**

## **Lastly...**

Yes, there will be an **application to complete** and **forms** to fill out, but we're here to help. It won't be as easy as sitting at a desk together, but we'll get there. If this crisis has taught us anything, it's that we are **stronger than we thought and more resourceful than we knew.**

If you are interested in applying, please visit: <http://www.northwestpa.org/covid19-working-capital-access-program/> or contact Rebecca Beach at [rebeccab@northwestpa.org](mailto:rebeccab@northwestpa.org) or Jill Foys at [jillf@northwestpa.org](mailto:jillf@northwestpa.org).