



Destination E-town Loan Fund Guidelines

Overview

The Destination E-town Loan Fund is designed to stimulate economic growth and strengthen the economy in the Elizabethtown Area through business incubation and the creation of jobs in Elizabethtown and Lancaster County. The self-sustaining loan fund will help family businesses, social enterprises and small-to-mid-size businesses strengthen their businesses, and attract and retain employees and businesses to Elizabethtown.

Applicant Eligibility

- Family businesses, social enterprises and small-to-mid-size businesses based in Elizabethtown or Lancaster County with preference given to local based businesses
- Member of the Elizabethtown Area Chamber of Commerce (EACC) in good standing with EACC.
- Prospective member to EACC must submit a membership application complete with membership dues as part of the loan application.

The entity administering this Fund reserves the right to deny approval of an application for any reason. Financial assistance and loans awarded through this program are offered as funds are available and are at the sole discretion of the entity administering this Fund.

Supporting Documentation

Some examples of the types of documentation you may provide include:

- *Business Plan (*required)
- Financials
- Tax returns from the previous 2 years
- Income statements
- Personal balance sheets
- Guarantor
- Recent credit report (within three months) in lieu of undergoing a credit check. The EDC reserves the right to request a current report.

The following are examples of eligible purposes for financial assistance as prove necessary for the continuation of business:

- Working capital;
- Purchase of inventory or supplies;
- Purchase of furniture or fixtures;
- Purchase of machinery or equipment;
- Operational expenses;
- Employee recruitment;
- Renovations of buildings.

Program Requirements

Loan Amount

Loans may be requested in the amount of up to \$7,000 per loan. A second request for a loan by the same business for the same category of use will only be considered upon repayment of the first.

Loan Management

Elizabethtown College will act as a fiduciary, providing grant oversight and reporting through its Office of Sponsored Research and Programs (OSRP). Loans will be managed through the Economic Development Committee (EDC) of the EACC. All information provided by the applicant will be kept confidential within the EDC.

Loan Security

Promissory Note

All loans must be secured by a promissory note. Any investor with 20% or more ownership of the business must be listed as a guarantor on the loan.

Repayment Terms

Repayment terms vary and are dependent upon the scope of the project outlined in the application, details of the comprehensive business plan, the loan amount awarded, and other factors as determined by the entity administering the Fund. The maximum repayment term awarded is 3 years, with a penalty rate applied for late payment.

Interest Rates and Fees

Interest rates applied to loans issued via this Fund will be prime minus 1, set by using WSJ prime numbers. A fixed interest rate is applied at the time of loan approval and will remain fixed for the duration of the loan repayment for accounts in good standing.

Deferred interest, late fees, and a variable interest rate may be applied to accounts that are in default or experience late payments.

Interest rates and late fees are subject to change based on market conditions and other circumstances and are a sole discretion of the entity administering this Fund. Applicant/borrower is responsible for all closing costs incurred.