I. Statement of Purpose

The Pittsburgh Childcare Reinvestment Business Fund, which shall be referred to as CRiB or Loan, is a pilot program designed to sustain and stimulate the growth of child care businesses in the City of Pittsburgh. The forgivable loan provides below market-rate financing to child care businesses based on determination of need, where the applicant is unable to finance the proposed project with equity, bank financing and other private and public financing.

CRiB is part of Invest PGH’s strategy to promote opportunities for those groups who have not had ready access to business financing in the City of Pittsburgh, including minority and woman-owned businesses.

The Loan is part of Invest PGH’s strategy to create and sustain jobs and encourage new businesses to start-up and expand in the City of Pittsburgh by assisting entrepreneurs and stimulating business growth.

The Loan is part of Invest PGH’s strategy to initiate small investment for the greater good and improve the overall quality of life and economic vitality of neighborhoods throughout the City of Pittsburgh.

II. Program Funding

Loans may be funded in part through the public and private sources including the City of Pittsburgh, the CDFI Fund, and the Commonwealth of Pennsylvania’s Department of Community and Economic Development.

III. Eligibility

The following criteria will be used to determine whether an applicant is eligible for a Loan:

A. Area Eligibility

Projects must be located within the City of Pittsburgh.

B. Types of Businesses
Eligible businesses are defined to include though are not limited to licensed child care providers that meet state and local regulatory requirements and are registered with the Commonwealth of Pennsylvania’s Office of Childhood Development and Early Learning (OCDEL). This includes both home based providers and facility-based care.

Unlicensed informal child care arrangements (i.e., the provider is a friend, neighbor, or relative of the child/children) are not eligible for the Loan.

C. Other Eligibility Requirements

1. The applicant, including the business and its principals, must not be delinquent or in default on federal, state or local taxes or any existing private or publicly financed loan and will be required to sign an affidavit to that effect.

2. Applicants must be in compliance with all state and local child care regulations.

IV. Eligible Activities

A. Working capital. This includes but is not limited to payroll, supplemental income, continuing education of staff, enrollment subsides for families that face financial hardship, and certification and application fees.

B. Equipment, software, and supplies, including acquisition, delivery and installation, limited to items directly related to the operation of the business.

C. Leasehold improvements, including façade renovations.

Loan proceeds may not be used for: refinancing existing debts (including leveraged buyouts); franchise or membership fees; or distribution or payment to the owners, partners, shareholders, or beneficiaries of the applicant or members of their families.

V. Loan Parameters

A. Loan Size:

i. All citywide child care providers are eligible for a maximum loan amount that shall be the lesser of $20,000 or 90% of the total project costs. The minimum loan amount is $5,000.

ii. Borrowers who complete educational programming sponsored by Invest PGH’s partner, the URA, and delivered by the Center for Women’s Entrepreneurship at Chatham University, are eligible for an additional $5,000.

B. Contribution Requirements: Each project shall require a minimum contribution requirement by the applicant of at least ten percent (10%) of the total project.

C. Loan Security: All loans will be unsecured.
D. **Term/Interest Rate:** Up to $20,000 deferred 0% interest loans, up to 3-year terms. No payments are due for 3 years from the date of the loan closing. Within that period, the borrower may apply for complete loan forgiveness.

If the borrower does not apply for loan forgiveness, repayment of the loan in its entirety will start after 3 years at 0% interest. Once repayments begin, the borrower will have 7 years to repay the loan.

E. **Fees**

1. **Application Fee:** Application to CRiB requires a $50.00 Application Fee, which is due at the time of application submission and is non-refundable. The Application Fee counts towards the applicant’s equity requirement.

2. **Due Diligence Fee:** Four percent (4%) of the total INVEST PGH loan, which may be financed as part of the total project cost and is due at the time of loan closing.

VII. **Loan Application Processing**

Invest PGH has established written application processes and procedures that will facilitate the application process and will best serve the objective of the CRiB. The procedures may be amended from time to time and shall be binding upon all Borrowers.

All loan applications shall be made using Invest PGH forms. The Borrower shall submit all information that Invest PGH requires, including any documentation needed to establish the eligibility of the Borrower, the Borrower's principals and guarantors, if any, and the feasibility of the proposed use.

A. **Loan Approval and Disapproval**

1. Invest PGH, in its sole discretion, may approve or disapprove loan applications in accordance with these guidelines.

2. Invest PGH will maintain a log of each loan application. If the borrower fails to supply the required documentation within three (3) months of the application date, with no justifiable written explanation, the application will be voided and removed from the application file.

3. All loan applications for a Loan will be processed through an internal review and approval process. At Invest PGH’s sole discretion, loan review and approvals shall be conducted by a/the designated loan review committee. Upon affirmative recommendation from Invest PGH designated review committee, final loan approval will be made by the Invest PGH’s President or the Chair of the IPGH Board.

4. Approval shall be conveyed in a written commitment to the Borrower. Action will not be taken toward closing the Loan until the Borrower executes and returns to Invest PGH a copy of the commitment letter.
5. If a loan application is disapproved, the Invest PGH shall notify the Borrower in writing. If appropriate, the rejection letter shall state the reason for the rejection of the loan application.

B. Withdrawal of Application

Any Borrower may withdraw the loan application at any time before closing by giving written notice to Invest PGH.

C. Loan Closing

The loan closing will be scheduled at a time acceptable to Invest PGH and to the Borrower/Applicant.

D. Taxes and Assessments

All taxes and assessments against the property and business which are due and payable shall be paid before or at closing, where applicable, and the Borrower shall provide evidence satisfactory to Invest PGH that such payments have been made.

E. Disbursement and Forgiveness

Funds will be released through a disbursement schedule that is not to exceed three tranches. Before each disbursement, the borrower must demonstrate the use of funds. Invest PGH reserves the right to ask for additional information or documentation regarding how funds will be utilized.

To apply for loan forgiveness, borrowers must fill out a loan forgiveness application within three years of loan closing and submit to Invest PGH for review. This application includes a description of how all funds were utilized and the impact of the loan on the sustainability or growth of the business.

VII. Conditions of Loan

A. Applicants who are creating and/or looking to hire new entry-level, non-supervisory, jobs will be encouraged to first consider for interview and employment, candidates referred by CareerLink; or in coordination with the URA’s workforce portal. Any use of loan funds must comply with Federal, State and local regulations concerning historic properties and environmental review.

B. Invest PGH maintains the right to require loan applicants to complete at least five (5) hours of technical assistance in such areas as business planning, marketing, accounting, and cash management. Invest PGH will contract with a third-party provider(s) for this technical assistance.

C. Applicant will be required to establish a checking account in the business’s name and complete Invest PGH issued Authorization Agreement for Direct Payments (ACH) form.

D. The Borrower must agree to all other terms and conditions set forth in the loan documents provided by Invest PGH.
VIII. **Loan Application Evaluation Criteria**

A. **Business Evaluation**

The historical performance of the business, if applicable, and the proposed owners will be evaluated to assess the ability to utilize the loan effectively. Invest PGH evaluates applications utilizing standard loan underwriting criteria, including the 5 ‘c’s of commercial credit: cash flow, capital, collateral, character and credit.

Specifically, this evaluation will include, but is not limited to the following:

1. **Viability of the Business:** If applicable, this involves an evaluation of one (1) year prior financial performance, including but not limited to an examination of tax returns, bank accounts, balance sheets, income statements and cash flow statements. Pre-Businesses will be evaluated based on how well the business is projected to perform.

2. **Financial Performance of the Owners:** This involves an evaluation of the personal tax returns of the prior three years, a personal financial statement, and a credit bureau check. Applicants with poor credit history will be considered but may be required to attend financial literacy workshops as a requirement of the loan conditions.

3. **Management Ability:** This involves an evaluation of the capacity, experience and skills of the proprietor, partners, or directors. This includes general business experience as well as specialized experience in the particular industry.

4. **Business and Personal Credit:** This involves an evaluation of the credit history of the business and its principals. This includes review of business and personal credit history. Applicants with poor credit history will be considered but may be required to attend financial literacy workshops as a requirement of the loan conditions.

5. **Public Record Review:** This involves an evaluation of public records of the business and its principals. This includes review of prothonotary records, tax checks, federal excluded party database, and other public record sources.

B. **Project Evaluation**

The merits of the proposed uses of the funds will also be assessed to determine the ability to effectively use funds to stabilize and grow the business. Businesses must demonstrate sufficient ability to manage cash flow. Specifically, this evaluation will include:

1. **Projected Income and Expenses:** This involves an assessment of the validity and risk of the income and expense projections. The applicant must demonstrate that the business is financially feasible, project costs are reasonable, and the business can effectively manage the proposed assistance.

2. **Projected Financial Statements:** A credit analysis will be performed using both historical and projected financial statements.

3. **Market Strategy and/or Management Strategy:** A business plan will be required, using Invest PGH template, which provides a narrative and overview of the business.
C. Public Benefit Evaluation

Loan applications will be evaluated based on additional criteria measuring public benefits including the following:

1. The nature of jobs created and/or retained per Invest PGH dollar invested.

2. The percentage of jobs going to low- to moderate-income persons and the quality of those jobs in terms of skill levels, salary, stability, etc.

3. The impact on the neighborhood and quality of life.

4. The support of minority or woman-owned business enterprises.

IX. Waiver of Provisions

The Executive Director or the Board of Directors of Invest PGH may waive certain provisions of these guidelines based on a determination of the private and public benefits of the project.

X. Notification

Invest PGH reserves the right to:

A. Notify the appropriate community-based organization of applications received from businesses in their neighborhoods.

B. Announce all loan commitments publicly.

XI. Additional Information

For additional information, please contact Invest PGH at (412) 255-6547 or via our website at www.investpgh.org. Our TDD number for the hearing impaired is (412) 255-6644.

Invest PGH does not discriminate on the basis of race, color, sex, religion, marital status, disability, age, sexual orientation or national origin. No person, solely on the basis of any of the above factors, shall be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the loan and grant programs operated by Invest PGH.

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