

PROGRAM SUMMARY

The Petersburg Economic Development Council's Loan Collateral Guarantee Program is designed to assist local residents to obtain the necessary financing for purchasing, establishing, or expanding a small business. The primary goal of the program is job creation and economic diversification.

The program operates with the support of local lending institutions and the City of Petersburg.



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**PETERSBURG ECONOMIC
DEVELOPMENT COUNCIL**

LOAN COLLATERAL GUARANTEE PROGRAM

Investing in Community-based
Economic Development



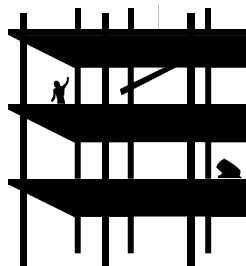
**PETERSBURG ECONOMIC
DEVELOPMENT COUNCIL**

TEL: 907-772-4042

GETTING STARTED

Get started by talking to one of our local bankers about obtaining a commercial loan.

- **Wells Fargo**
201 N. Nordic Drive
Petersburg, AK
772-3833
- **First Bank**
103 N. Nordic Drive
Petersburg, AK
772-4277



HOW DOES IT WORK?

The Petersburg Economic Development Council (PEDC) and the City of Petersburg have set aside \$150,000 from the Economic Development Fund to promote economic diversification and job creation through small business start-up and expansion.

The program helps individuals qualify for the bank financing they need by guaranteeing a portion of the collateral required for the loan.

For example, a local business owner wants to borrow \$100,000 for a building renovation project, but lacks the \$25,000 needed in collateral to meet the bank requirements for an otherwise sound loan. PEDC could step in, and guarantee up to 10% of the loan amount, or \$10,000, to bridge the gap between what the bank requires and what the business owner can provide for the loan collateral.

The collateral guarantee program allows PEDC to use a small amount of public funding to leverage significantly larger capital investment in our community.

PROGRAM GUIDELINES

- Total amount available through the collateral guarantee program is \$150,000.00.
- No individual guarantee may exceed 10% of the total loan package, or \$30,000*.
- Maximum length of term of guarantee shall be 7 years.
- Up to 25% of the guarantee pool is available for commercial fishing related loans. Loans to purchase IFQ's are not eligible for this program.
- Guarantee is reviewed annually.

* Under special circumstances, the maximum allowable guarantee can be increased to \$50,000.

APPLICATION CHECKLIST:

- Referral from loan officer at Wells Fargo or First Bank.**
- A Business Plan, which includes:** (PEDC can provide resources to assist with plan development)
 - Business Description
 - What type of business are you starting?
 - Why will this business succeed in Petersburg?
 - Organization & Management
 - Who will operate the business? What is their experience in the field?
 - How many employees will be hired?
 - Funding Request
 - How much funding do you need? How will it be used?
 - Commercial loan application
 - Historical/Prospective Financial Information
 - For an established business, provide income statement and balance sheets for the last 3 years.
 - For a start-up business, provide prospective income and cash flow statements.
- Schedule a meeting with the PEDC to discuss your proposal.**

