

***FEDERAL RESERVE BANKS OF PHILADELPHIA AND
CLEVELAND AND RURAL LISC
FINANCING COMMUNITY DEVELOPMENT IN
RURAL PENNSYLVANIA***

***HARRISBURG, PA
OCTOBER 26, 2006***

BEDFORD STREET ANTIQUES

***REDEVELOPMENT AUTHORITY OF
CUMBERLAND COUNTY***

MARY ROELL, BORROWER

ORRSTOWN BANK, LENDER



Background/Summary

- Former Antique Coop Displaced as a Result of Construction of Lowe's Home Improvement Store in 2003.
- Former Manager of Antique Coop Wanted to Purchase Property in Downtown Carlisle to Reestablish Antique Coop.
- \$384,000 Project including Funding from Orrstown Bank, CDBG, PA DCED, Local Development Corporation, Community First Fund (CDFI), Owner Equity.



Information/Background on Presenters

- Chris Gulotta, Executive Director, Redevelopment Authority of Cumberland County (Loan Packager)
- Mary Roell, Owner/Bedford Street Antiques and Borrower
- Orrstown Bank, a Regional Community Bank with Headquarters in Shippensburg, PA and Branches in Four Counties. Twelve Commercial Lenders who Handle Lending to Non Profits and For Profits.



Need for Bedford Street Antiques

- Provide “Home” for Displaced Vendors
- Redevelop Former Historic Deteriorated Industrial Building
- Increase Foot Traffic in and around the Downtown
- Create Jobs
- Establish Woman’s Business Enterprise
- Meet an Established Market Need



Who the Project Serves

- Provides Business Opportunity for Owner and Vendors
- Creates Jobs Targeted at People from Low/Moderate Income Households
- Good for Neighborhood and Downtown Area



Players in the Transaction

- Bank – Orrstown Bank
- Borrower – Mary Roell
- Loan Packager – Redevelopment Authority of Cumberland County
- Funders:
 - PA Department of Community and Economic Development
 - Community First Fund
 - Borough of Carlisle Community Development Block Grant
 - Carlisle Area Economic Development Corporation

Financing Sources of Funds

Sources of Funds

. Orrstown Bank	\$203,000
. Borough of Carlisle – CDBG	35,000
. PA DCED	45,000
. Community First Fund	51,000
. Carlisle Area Economic Development Corporation	30,000
. Owner Equity	<u>20,000</u>
. Total Sources	\$384,500

Financing Uses of Funds

■ Acquisition	\$245,000
■ Renovations	94,000
■ Working Capital	28,520
■ Closing Costs	<u>9,950</u>
Total Uses	\$384,000

Bank's Loan Summary

- Orrstown Bank, First Mortgage Lender
- 6.5% Rate, 20 Year Term/Amortization
- 1.54% Pro forma Debt Service Coverage
- 80% Loan to Value Ratio

Lenders Perspective

- Meets CRA
- Good For Community
- Good Community Relations for Bank
- Opportunity for New Account
- Meets Established Market Need

Obstacles

- Difficulty in Identifying Location (Building) That Would Work for Project
 - Size/Configuration
 - Minimize Acquisition/Rehabilitation Costs to Keep Vendor Space Rent Low
- Identify Contractor(s) who Can Get Job Done in a Timely Manner

Lessons Learned

- Need to Blend a Variety of Funding Sources
- Partnership with Redevelopment Authority Critical
- Loan to Value Stretched to Meet Established Market Need/Strong Community Development Project

Recommendations

- Strong Business plan Required
- Letter of Intent from Prospective Vendors
Critical to Demonstrate market for Project

Presented by:

Christopher Gulotta

Executive Director

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