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
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

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orrstown Bank</td>
<td>$203,000</td>
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<tr>
<td>Borough of Carlisle – CDBG</td>
<td>35,000</td>
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<tr>
<td>PA DCED</td>
<td>45,000</td>
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<tr>
<td>Community First Fund</td>
<td>51,000</td>
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<tr>
<td>Carlisle Area Economic Development Corporation</td>
<td>30,000</td>
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<tr>
<td>Owner Equity</td>
<td>20,000</td>
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<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$384,500</strong></td>
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<tr>
<td>Uses of Funds</td>
<td>Amount</td>
</tr>
<tr>
<td>------------------</td>
<td>----------</td>
</tr>
<tr>
<td>Acquisition</td>
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<tr>
<td>Renovations</td>
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<tr>
<td>Working Capital</td>
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<tr>
<td>Closing Costs</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$384,000</strong></td>
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</tbody>
</table>
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