



LEHIGH VALLEY  
economic development



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For more information, please contact:  
Stephen Althouse  
Communications Manager  
610.266.3817

## **LVEDC and CACLV announce formation of innovative Peer Review Program to address small business financing**

**BETHLEHEM** – *June 21, 2010* – Lehigh Valley Economic Development Corporation (LVEDC) and the Community Action Committee of the Lehigh Valley (CACLV) have collaborated to create and administer a progressive program that will make it easier for qualified small businesses to secure credit in the Lehigh Valley.

The Peer Review Program brings 11 lending institutions, the Rising Tide Community Loan Fund and The Small Business Development Center at Lehigh University together with the goal of addressing this salient issue facing small business.

“Access to capital remains a perennial challenge for small businesses,” said LVEDC President and CEO Phil Mitman. “Recovery from this recession will rely in large part on the ability of small business to survive and thrive. Access to credit will drive that recovery.”

The Peer Review Program will consider commercial loans for new or existing businesses in operation less than two years that have previously been declined by a participating institution. To be considered, the applicant must have a fully-developed business plan, be at least marginally credit worthy and requesting an amount greater than \$25,000. In facilitating a systematic review of marginal commercial financing applications, the participating institutions, LVEDC and related lending entities will more carefully scrutinize the creditworthiness of the application, enabling a borrower to more quickly access alternative lending options, and allow

community development lenders to better assess gaps in access to credit for the purpose of developing new tools to expand economic development in the Lehigh Valley.

The Project Review Process begins when an eligible loan is reviewed by a participating lender and subsequently rejected. The lender will then use its discretion to ascertain the creditworthiness of the borrower and potential for successful review by the Peer Review Committee.

A pool of eligible projects will be assembled according to packaging specifications set forth by the Committee and delivered to LVEDC and participating institutions as it was received and then reviewed at a formal meeting of the Committee. At the scheduled meeting a brief presentation on the loan project will be provided by the originating lender. Following the presentation, the lending institutions will have an opportunity to scrutinize the application's potential. After discussion, a poll will be taken of member institutions to determine the desire to make the proposed loan or performing additional review of the request.

"In this context we are taking applications that were turned down due to a minor deficiency and creditworthiness for a variety of reasons and in essence giving them a second life in the hope that they could mitigate those issues and make financing available," said LVEDC Vice President of Finance John Kingsley.

An initial business meeting of the body was held June 15<sup>th</sup> and has resulted in a loan. A small business engaged in retail sales and service and was seeking a line of credit to acquire additional inventory.

"We are batting 1.000 and anticipate more," Mr. Kingsley said.

Access to capital continues to bedevil many small businesses. The ability to gain financing to implement their business plans or expand their existing operations is crucial for the overall vitality of the Lehigh Valley. The Peer Review Program is another vehicle to this issue according to CACLV Executive Director Alan Jennings.

“Access to credit drives recovery from recessions,” Mr. Jennings said. “But credit is a global industry. This initiative is a unique local effort to drive recovery by engaging banks to put aside competition for the good of our community.”

The 11 participating commercial lending institutions are Embassy Bank for the Lehigh Valley, First Niagara, First Star Bank, KNBT, Lafayette Ambassador Bank, M&T Bank, PNC, TD Bank, Team Capital Bank, Unity Bank and Wachovia.

Also speaking at the news conference was Pennsylvania Secretary of Banking Steven Kaplan.

“A group of people get together and figures out how to do the socially responsible thing and the profitable thing,” Mr. Kaplan said of the Peer Review Program initiative. “Banks want to get back to the business of lending money.”

**For more information, please contact Stephen Althouse at 610.266.3817 or [salthouse@lehighvalley.org](mailto:salthouse@lehighvalley.org).**

Lehigh Valley Economic Development Corporation (LVEDC) is a one-stop, full-service business and economic development agency. Created to promote and foster economic prosperity in the Lehigh Valley, LVEDC assists businesses by providing them with regional, economic and demographic information, finance and business incentives, site and facility availability, business networking, and workforce services. By coordinating with state, county, and municipal governments, chambers of commerce, industry organizations, educational institutions and utilities, the award-winning LVEDC streamlines the relocation and expansion process for businesses. Visit LVEDC online at [www.lehighvalley.org](http://www.lehighvalley.org).