



# Pennsylvania Industrial Development Authority (PIDA)

Business Finance: Your Lending Partner

## Eligible Applicants

For-profit agricultural processors, agricultural producers, industrial, manufacturing, research and development, hospitality, defense conversion, recycling, computer-related service, construction, child day-care (including non-profit), mining, service, and Keystone Innovation Zone (KIZ) enterprises having 100 or fewer full-time employees.

## Eligible Use

Land and building acquisition, building construction (including expansion of existing building), machinery and equipment, and working capital.

## Loan Amount

Land and Building Costs - For agricultural processors, manufacturers, industrial enterprises, and research and development enterprises - Up to \$2,000,000 or 50%, whichever is less (up to \$2,250,000 in some cases). For agricultural producers, hospitality, defense conversion, recycling, computer related services, construction, or day-care enterprises - \$400,000 or 50% of eligible project costs, whichever is less.

Machinery and Equipment Costs - Up to \$5,000,000 or 50% of eligible project costs, whichever is less (except for service enterprises which is \$200,000 or 50% of eligible project costs, whichever is less).

Working Capital - Up to \$100,000 (50% match required for service enterprises). Up to \$350,000 for exporting activities.

Pollution Prevention and Energy Efficiency Costs - Up to \$100,000 or 75% of eligible project costs, whichever is less.

## Interest Rate

Interest rates are set quarterly on January 1, April 1, July 1, and October 1 of each year using the current 10-year U.S. Treasury rate as an index benchmark, as set forth below:

REAL ESTATE LOANS. The borrowers will have 4 options:

- a. For term loans with a regular amortization, a fixed interest rate for the full term of the loan, set at the 10-year U.S. Treasury rate, rounded to the closest quarter point, plus 100 basis points.
- b. For term loans with a regular amortization, a fixed interest rate for the first seven (7) years of the loan term, set at the 10-year U.S. Treasury rate, rounded to the closest quarter point. After the initial 7-year period, the rate will automatically reset to the then-current 10-year U.S. Treasury rate, rounded to the closest quarter point. The reset rate is limited to a 200 basis point increase/decrease.
- c. For 10-year term loans with a 20-year amortization period, a fixed interest rate for the full term of the loan, set at the 10-year U.S. Treasury rate, rounded to the closest quarter point, plus 100 basis points.
- d. For 10-year term loans with a 20-year amortization period, a fixed interest rate for the first five (5) years of the loan term, set at the 10-year U.S. Treasury rate, rounded to the closest quarter point. After the initial 5-year period, the rate will automatically reset to the then-current 10-year U.S. Treasury rate, rounded to the closest quarter point. The reset rate is limited to a 200-basis point increase/decrease.

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EQUIPMENT LOANS. A fixed interest rate for the full term of the loan, set at the 10-year U.S. Treasury rate, rounded to the closest quarter point, plus 100 basis points.

WORKING CAPITAL AND ACCOUNTS RECEIVABLE LINES OF CREDIT. A fixed interest rate for the 12-month term of the credit line, set at the 10-year U.S. Treasury rate, rounded to the closest quarter point, plus 100 basis points.

POLLUTION PREVENTION ASSISTANCE AND ENERGY EFFICIENCY LOANS. A fixed interest rate of 2.00% for the full term of the loan.

## Term

Real estate up to 15 years; machinery and equipment up to 10 years; and working capital lines of credit 12 months with up to 6 annual renewals. Pollution prevention of energy efficiency loans are up to 10 years.

## Equity Requirement

Equity (cash injection) amount varies based on type of business and use of funds. However, the typical equity amount is 10% of the eligible project costs. In some cases equity in real estate can't be used.

## Job Criteria

One full-time job to be retained for every \$35,000 of PIDA funds in the project or one full-time job to be created for every \$50,000 of PIDA funds in the project within three years of disbursement. Service enterprises are only required to retain the number of full-time jobs employed by the business at the time of the application to DCED. Agricultural producers, pollution prevention projects, and export related business projects do not need to create or retain employees.

## Fees

DCED charges a 1% commitment fee on the loan amount on loans greater than \$400,000. For SEDA-COG the following fees apply:

- For loan amounts greater than \$400,000 - a non-refundable 1% application fee on the loan amount (due after approval of the loan request by the SEDA-COG Local Loan Review Committee).
- For loan amounts up to \$200,000 to service enterprises - A non-refundable 1% application fee on the loan amount (due after approval of the loan request by the SEDA-COG Local Loan Review Committee.)
- For loan amounts up to and including \$400,000 to all other eligible applicants - A non-refundable 1% commitment fee on the loan amount (due after approval of the loan request by the SEDA-COG Local Loan Review Committee), 1% closing fee on the loan amount (due at the time of closing), and a minimum \$500 legal fee (due at the time of closing).