

SUBORDINATE TERM LOAN

The Subordinate Term Loan provides financing to experienced developers of commercial and industrial projects of all sizes throughout all neighborhoods of Philadelphia. PIDC seeks to fill funding gaps in projects which will create jobs for low and moderate income people, spur investment in underserved areas, and/or improve building energy efficiency.

USES

- Property Acquisition
- Construction / Building Renovation
- Machinery and Equipment
- Soft Costs – legal, accounting, engineering, architectural fees, permits, appraisals and other related expenditures

FINANCING

- Loan Amount:** Range from \$50,000 to \$5,000,000. One full time equivalent job must be created for every \$35,000 lent. PIDC can fund between 10% to 40% of total project costs with a 10% minimum equity contribution.
- Interest Rate:** Loans up to \$750,000 in low-income areas: 2.75% - 3.5%.
Loans above \$750,000 or outside of low-income areas: 5% - 7%.
- Loan Term:** Up to 15 to 20 years (will generally seek to match senior lender term).
- Underwriting:** Combination of credit, cash flow, collateral, financial position, management capacity and industry risk.

TIMING AND PROCEDURE

Clients should schedule a preliminary meeting with PIDC to review project eligibility. Completed loan applications will be scheduled for review and consideration by the PIDC Loan Committee, PIDC Board of Directors and the City Director of Commerce. Projects are also typically subject to an environmental and historical review process. Prevailing wage and job reporting requirements generally apply. Following loan approval, PIDC issues a commitment letter to the client. Settlement may occur once the terms of the commitment are satisfied.

FEES

- Application:** \$1,500 (loans up to \$5 million and non-profit organizations) - \$2,500 (loans greater than \$5 million) nonrefundable fee, payable at time of application submission
- Commitment:** 1.5% of the Loan Amount, payable upon acceptance of PIDC's commitment letter
- Closing:** Legal and closing costs.

Fees are subject to change. Please confirm all transaction fees with PIDC prior to application.

For more information visit PIDCphila.com or contact
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