



ECONOMIC DEVELOPMENT

## SMALL BUSINESS FIRST (SBF) LOAN PROGRAM

### ELIGIBILITY

The SBF Loan Program is generally available to any small business (100 employees or less), which are industrial, manufacturing, export service, technology-based or computer related. Hospitality and export related businesses are also eligible with certain restrictions.

### USES

- Property Acquisition (land and buildings)
- New Construction
- Building renovation
- Machinery and equipment purchases and upgrades
- Working capital (includes employee training costs and new personnel and inventory)
- Environmental compliance/pollution prevention

### FINANCING

- SBF currently may lend up to 40% of the eligible project cost or \$200,000, whichever is less. One full-time job must be created or preserved within three years from completion of the project for each \$25,000 loaned from SBF.
- Working capital loans cannot exceed \$100,000 or 40% of the total project costs.
- The current SBF interest rate is 4.25%.
- The maximum loan term for real estate is 15 years; the maximum loan term for machinery and equipment is 10 years; the maximum loan term for working capital is 3 years.
- All loans must be secured; sufficient cash flow to support debt service must be demonstrated.

### TIMING AND PROCEDURE

Client submits a completed application to PIDC for staff review at least three weeks prior to the PIDC Board meeting at which the application is to be considered. The application is scheduled for review and consideration by:

- 1) PIDC Loan Committee
- 2) PIDC-LDC Board of Directors
- 3) Pennsylvania Department of Community & Economic Development.

Following application approval, PIDC– LDC issues a commitment letter to applicant. Settlement of the SBF Loan may occur once the terms of the commitment are satisfied.

### FEES

- Application Fee: \$500, payable at the time of application submission – nonrefundable
- Origination Fee: 1.5% of the amount of financing provided through PIDC, payable upon acceptance of PIDC's commitment letter
- Legal Fee: Not to exceed \$1,500, payable to PIDC for the preparation of loan documents necessary for settlement. This fee is due at the time of closing.

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