

PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY (PIDA)

HELPING BUSINESSES CREATE JOBS THAT PAY



Listrak
Lititz, PA

Administered through the Pennsylvania Department of Community and Economic Development (DCED), the Pennsylvania Industrial Development Authority (PIDA) loan program provides low-interest loans and lines of credit to Pennsylvania businesses that commit to creating and retaining full-time jobs within the commonwealth, as well as for the development of industrial parks and multi-tenant facilities. Loan applications are packaged and underwritten by a network of certified economic development organizations (CEDOs) that partner with PIDA.

ELIGIBILITY & USE

PIDA financing can be used for:

- Land and building acquisitions
- Construction and renovation costs
- Machinery and equipment purchases
- Working capital and accounts receivable lines of credit
- Working capital term loans

FUNDING & PARTICIPATION

PIDA's maximum participation amount for a project is determined by the proposed use of PIDA funds, the amount of matching financing from sources outside of PIDA, and the number of full-time jobs to be created or retained. Generally, a 50 percent match is required. However, some exceptions do apply.

PA-based businesses across a variety of industries are eligible to apply.

- agriculture
- manufacturing
- industrial
- research and development
- hospitality
- defense conversion
- recycling
- computer-related services
- construction
- child daycare
- mining
- retail and service enterprises
- developers

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LENDING AMOUNTS

Listed below are the maximum lending amounts through PIDA. Please note the lending limits vary based on the type of business being financed:

- Real estate loans up to \$2,250,000
- Machinery and equipment loans up to \$1,500,000
- Working capital term loans and lines of credit up to \$100,000

INTEREST RATES AND FEES

The interest rates and fees charged by PIDA are very competitive. Rates are typically 1-2 percent below the industry standard. Contact PIDA for current rates:

- Interest rate options for real estate loans include fixed and variable reset rates.
- Machinery and equipment and working capital rates are fixed over the life of the loan.
- A 1 percent commitment fee is charged for loans greater than \$400,000.
- Borrowers are also responsible for applicable closing costs and associated fees charged by the CEDO.

LOAN TERMS AND RENEWALS

- **Up to 15 years:** Land and building acquisitions; construction and renovation costs. Qualifying projects are also eligible for a 10 year term with a 20 year amortization period whereas a balloon payment is due at the end of the 10 year period.
- **Up to 10 years:** Machinery & equipment purchases.
- **Up to 3 years:** Working capital term loans.
- Line of credit maturities are 12 months and can be renewed on an annual basis up to a maximum of 6 years.

COLLATERAL

Collateral is required and is based on the asset being financed. The project cash-flow, credit, and collateral loan to value are taken into consideration when determining the overall collateral package for a project. In general:

- For **real estate financing**, a mortgage on the project property being financed is required. For real estate loans over \$400,000, a mortgage in no less than a second position is required.
- **Machinery and equipment loans** are secured by no less than a second lien on either the equipment being financed or by a blanket lien on all equipment / business assets owned by the company.
- **Working capital term loans and lines of credit** are generally secured by a first lien on the inventory and receivables of the company.
- **Personal guarantees** are generally required by the principal owners, which typically is limited to individuals with 20 percent or more ownership in the operating entity.

HOW TO APPLY

PIDA partners with a network of nonprofit organizations called **certified economic development organizations (CEDOs)** to administer the PIDA loan program. Generally, the CEDOs service a one county area or a multicounty region, and work directly with the applicant company to package and underwrite the loan application. The loan application is submitted to the PIDA Office by the CEDO for final approval by PIDA.

You can determine which CEDO(s) serve your business's county and view additional information about the PIDA program at dced.pa.gov/PIDA.