

# First Industries Tourism Program

Program Guidelines | October 2011

> ready > set > succeed



# Table of Contents

---

<b>Section I</b>	<b>Introduction</b>	1
A.	Statement of Purpose	1
B.	Eligible Activities	1
<b>Section II</b>	<b>Planning Grants</b>	1
A.	Eligible Applicants	1
B.	Grant Purpose	1
C.	Application Process	2
D.	Application Evaluation	2
E.	Awards and Contracts	3
<b>Section III</b>	<b>Loans</b>	3
A.	Eligible Applicants	3
B.	Application Process	3
C.	Approval Procedure	4
<b>Section IV</b>	<b>Loan Guarantees</b>	4
A.	Eligible Applicants	4
B.	Enrollment of Lending Institutions	4
C.	Application Process	5
D.	Application Evaluation	6
E.	Award and Issuance of Guarantee Certificates	6
<b>Section V</b>	<b>Miscellaneous Program Requirements</b>	7
A.	Application Forms	7
B.	Nondiscrimination	7
C.	Project Records	7
D.	Guideline Provisions	7
<b>Section VI</b>	<b>Program Inquiries</b>	8
<b>Appendix I</b>	<b>Supplemental Information for the Single Application for Assistance</b>	9
<b>Appendix II</b>	<b>First Industries Loan Guarantee Supplemental Information</b>	11
<b>Attachments</b>		
	Small Business First Guidelines	
	Machinery and Equipment Loan Fund Guidelines	

ARCHIVED

## Section I – Introduction

---

### A. Statement of Purpose

The First Industries - Tourism Program (the “program”) provides grants, loans, and loan guarantees to non-profit organizations and for-profit business enterprises to undertake projects relating to the promotion and development of tourism within Pennsylvania. The program is administered by the Commonwealth Financing Authority (“CFA”) and by the Department of Community and Economic Development (“DCED”).

The program is intended to provide access to funding for businesses and others engaged in tourism-related activities in Pennsylvania. Grant funds are available to fund predevelopment and feasibility studies, and loans and loan guarantees are available for costs associated with tourism-related projects.

### B. Eligible Activities

Tourism is defined as an activity which promotes or encourages individuals to travel to a location within this Commonwealth for pleasure. For purposes of the program, tourism-related projects include all of, but not limited to, the following:

1. Destination sites located in Pennsylvania, including but not limited to historic, heritage, cultural, sporting, amusement, nature, outdoor recreational, or retail venues.
2. Hospitality establishments, including lodging and restaurants, retail establishments, and outdoor activity-based businesses in close geographic proximity to a Pennsylvania destination site or part of the marketing effort that targets a Pennsylvania destination site.
3. Businesses that develop and market travel packages for the purpose of bringing out of state visitors into Pennsylvania to enjoy attractions and stay in overnight, paid accommodations.
4. Public/private partnerships formed to enhance or optimize the use of Commonwealth owned resources such as state-owned parks and state game lands.
5. Tourism related activities or events that promote overnight visits in Pennsylvania.
6. Other projects or activities as determined by the CFA.

## Section II – Planning Grants

---

### A. Eligible Applicants

An eligible applicant for a planning grant may be a for-profit business enterprise (including a corporation, limited liability company, sole proprietor, or partnership), or a non-profit organization.

### B. Grant Purpose

Planning grants of up to \$250,000 per project may be awarded to eligible applicants to pay for the cost of predevelopment activities and feasibility studies for tourism-related projects. A feasibility study for establishment of an individual business will include, at a minimum, the elements of a business plan including:

Company/Project Overview; Mission & Vision; Contingency/Succession Plan; Services/Pricing Strategies; Market Analysis; Marketing Strategy; Industry Profile; Capital Requirements; Financial Assumptions; Three-Year Revenue & Expense Forecast Data.

Planning grants may be used to determine the feasibility of a project and/or obtain technical information related to the project. Planning grants may be used to pay for costs associated with: marketing, physical, and financial feasibility assessments and projections; planning and engineering design and cost estimates; impact analysis; and other work or activity deemed by the CFA as appropriate.

### **C. Application Process**

To apply for funding, the applicant must complete an on-line DCED Electronic Single Application for Assistance (the "application"). The application must include all of the following information:

1. The applicant's name and address.
2. The location of the project.
3. A description of the project. The description must include the specific activities to be carried out with the grant, the goal to be achieved by the project, the time table for carrying out these activities, the proposed result, and the intended next steps following completion of the planning project. The goals and results must describe measurable impacts, such as room nights generated, intended to be achieved and the methodology for measurement.
4. An estimate of the cost of the predevelopment activities and feasibility studies prepared by a qualified professional.
5. A statement of the amount of the planning grant sought.
6. Any other information requested by the board.

### **D. Application Evaluation**

The CFA will review each application to determine whether the proposed project demonstrates one or more of the following:

1. The project will have a demonstrable impact on the economy or well-being of the neighborhood, community or region where the project is located.
2. The project will result in cost-effective and efficient marketing of regional assets related to tourism.
3. The project will result in a substantial increase in revenues for the state or the host municipality.
4. The project proposes to utilize commonwealth-owned natural resources for public/private development of tourism.

An eligible project will receive priority consideration if it demonstrates one or more of the following:

1. The project will generate significant room night demand for overnight accommodations and will draw tourists from outside a 100-mile radius of the proposed site.
2. The project will define or interpret the heritage of neighborhoods, communities, or regions of the Commonwealth.
3. The project will capture the location character.
4. The project is ready to proceed.

5. The project will positively impact economic conditions in an economically distressed area of the Commonwealth.
6. The project will leverage significant local matching funds.
7. The project adheres to sound land use principles.
8. The project requires an investment of public funding to move forward or to be competitive with similar projects in the region.

In addition, the CFA will evaluate the feasibility and practicality of the proposed activity, whether the end result is likely to be achieved if the predevelopment planning activities are successfully concluded, and support for the project by the DCED Tourism, Film and Economic Development Marketing Office.

Upon being satisfied that the requirements have been met, the CFA may approve the application for a planning grant.

Applications will be approved on a quarterly basis until all funds are committed to projects.

## **E. Awards and Contracts**

Upon approval of an application by the CFA, a grant agreement and commitment letter will be issued to the applicant explaining the terms and conditions of the planning grant. The grant agreement and commitment letter must be signed and returned within 20 days of the date of the commitment letter or the grant offer may be withdrawn.

Upon full execution of the grant agreement and any contract between the applicant and vendor(s) performing the work, the CFA will advance funds up to 50% of the grant amount. The applicant may request another 40% of the funds after demonstrating to the satisfaction of the CFA that 50% of the planning project has been completed. The remaining 10% of the grant will be paid upon receipt by the CFA of invoices and final work products demonstrating that the planning project has been completed.

Successful applicants will be required to report to the CFA on the measurable impacts described in the application and to utilize Commonwealth tourism branding initiatives appropriate to the approved project.

## **Section III – Loans**

---

### **A. Eligible Applicants**

For-profit businesses engaged in tourism-related activities as defined by these guidelines are eligible for loans under the Small Business First (“SBF”) program and the Machinery and Equipment Loan Fund (“MELF”) program. An applicant cannot submit both a MELF First Industries loan application and an SBF First Industries loan application as part of the same project.

### **B. Application Process**

Both SBF and MELF are low-interest loan programs administered by DCED. For information on how to apply for loans under these programs, please consult the SBF and MELF program guidelines, the DCED website [www.newPA.com](http://www.newPA.com), or contact the Center for Business Financing – Loans Division at (717) 783-5046.

## C. Approval Procedure

SBF and MELF loan requests deemed to be related to tourism as defined in these guidelines and otherwise eligible for a loan under the existing SBF and MELF guidelines shall be presented to the CFA for consideration. Upon being satisfied that the project is related to tourism, the CFA may approve funding the application for an SBF or MELF loan. The loan shall be closed and disbursed in accordance with the SBF or MELF program guidelines.

Successful applicants will be required to report to the CFA on measurable impacts appropriate to the project and how the project will utilize Commonwealth tourism branding initiatives also appropriate to the project.

## Section IV – Loan Guarantees

---

### A. Eligible Applicants

An eligible applicant for a loan guarantee may be a for-profit business enterprise (including a corporation, limited liability company, sole proprietor, or partnership), or a non-profit organization that is engaged in tourism-related activities as defined by these guidelines and is obtaining a loan from a commercial lending institution or a community development financial institution (both referred to as “lending institution” in these guidelines). A lending institution may also apply for a loan guarantee on behalf of a borrower. A lending institution enrolled in the program may submit an application for a guarantee of a loan for the asset financing needs of a tourism-related organization. The guarantee may in no case be used to support working capital lines of credit or the refinancing of existing debt. Utilization of First Industries loan guarantees is limited to projects in which the Commonwealth or any authority of the Commonwealth is not providing matching financing to the loan the CFA is being asked to guarantee.

### B. Enrollment of Lending Institutions

A commercial lending institution is a federally chartered or state chartered bank, savings bank or savings and loan association or farm credit system institution under the Farm Credit Act of 1971 (Public Law 92-181, 85 STAT. 583) which has a satisfactory rating from its primary regulator, which is engaged in commercial lending activities, and which operates at least one full-service branch for deposit gathering and lending located within the Commonwealth. A farm credit system institution need not offer deposit services to qualify as a commercial lending institution.

A community development financial institution is certified in accordance with the Community Development Banking and Financial Institutions Act of 1994 (Public Law 103-325, 108 Stat 2163).

Lending institutions that want to participate in the loan guarantee program may enroll with the CFA prior to the submission of any loan guarantee applications. To enroll in the program, a lending institution must submit a request for enrollment to the CFA which contains the following information:

1. The name and address of the lending institution.
2. The name, title and address of the person who will serve as the point of contact for the lending institution with regard to loan guarantee applications.
3. A description of the lending activities engaged in by the lending institution that involve tourism or tourism-related projects and how the institution proposes to use the loan guarantee program to supplement or expand those lending activities.

Enrollment requests should be sent to:

The First Industries – Tourism Program  
Commonwealth Financing Authority  
Commonwealth Keystone Building  
400 North Street, 4<sup>th</sup> Floor  
Harrisburg, PA 17120-0225

If the information provided is satisfactory to the CFA, the lending institution may be enrolled for the loan guarantee program. Upon accepting a lending institution for enrollment, the CFA will execute a master guarantee agreement in favor of the lending institution. At a minimum, the master guarantee agreement will provide for the following:

1. The procedure for the submission of a claim for payment by the lending institution. The lending institution will be required to demonstrate that it has exhausted all available remedies against the borrower and other guarantors and that it has liquidated collateral securing the loan before it may obtain a payment under the master guarantee agreement.
2. A requirement that the lending institution refund to the CFA a percentage of any recovery obtained by the institution after a payment has been made under the master guarantee agreement by the CFA.
3. Periodic reporting by the lending institution regarding itself and the loans for which guarantee certificates have been issued.

### C. Application Process

To apply for a guarantee, the applicant must submit an application to the CFA that includes all of the following information:

1. The name and address of the applicant. If the applicant is not the borrower, the name and address of the borrower.
2. If the borrower is an individual or a for-profit business, the type of business the borrower conducts, the location of the business, and the names and addresses of the principals of the borrower. If the borrower is a nonprofit organization, the type of activity carried out by the borrower, and the names and addresses of the officers of the borrower.

Principals include individuals having a 20% or greater ownership interest in the business.

3. A description of the project to be funded by the loan, including a statement of the tourism activity to be undertaken by the project, the anticipated economic impact to the Commonwealth and the host municipality as a result of the project, a detailed statement of the total project cost, and the estimated number of jobs to be retained/created, if any. The borrower must describe measurable impacts, such as room night generation, intended to be achieved and the methodology for measurement.
4. A description of all sources of financing for the project, including terms, conditions, and collateral or other security required for the loan which is the proposed subject of the guarantee. A copy of the lending institution's commitment letter and/or term sheet must be included.
5. A copy of the borrower's last two years of financial statements prepared or reported on by an independent certified public accountant.
6. The amount of the loan guarantee being requested.
7. If the applicant is a lending institution that is not enrolled with the CFA, the applicant must submit all of the information required for enrollment, as specified in Section IV.B. above.
8. Any other information required by the board.

## D. Application Evaluation

The CFA shall review the application to determine all of the following:

1. That the project meets one of the following criteria:
  - a. That the borrower previously had been awarded a planning grant under the program for the same project; or
  - b. That the project is a tourism-related project and at least \$1,000,000 of private funds will be invested in the project. However, effective immediately and ending July 15, 2015, the project must meet one of the following criteria:
    - That the borrower previously had been awarded a Planning Grant under the program for the same project; or
    - That the project is a tourism-related project and at least \$500,000 of private funds will be invested in the project.
2. That the value of the proposed collateral for the loan is sufficient to cover the full amount of the loan.

An eligible project will receive priority consideration if it demonstrates one or more of the following:

1. The project will demonstrate a significant economic impact to the Commonwealth or the host municipality in which it will be located, and it will enhance the tourism industry within the Commonwealth.
2. The project will result in cost-effective and efficient marketing of regional assets related to tourism.
3. The project will promote a public/private partnership for the utilization of a Commonwealth-owned resource.
4. The project will generate significant room night demand for overnight accommodations and will draw tourists from outside a 100-mile radius of the proposed site.
5. The project will define or interpret the heritage of neighborhoods, communities, or regions of the Commonwealth.
6. The project will capture the location character.
7. The project is ready to proceed.
8. The project will positively impact economic conditions in an economically distressed area of the Commonwealth.
9. The project will leverage significant local matching funds
10. The project adheres to sound land use principles.
11. The project requires public financial assistance to move forward or to be competitive with similar projects in the region.

## E. Award and Issuance of Guarantee Certificates

Upon being satisfied that all requirements have been met, the CFA may approve the loan guarantee. The total amount of the guarantee may not exceed 50% of the outstanding principal amount of the lending institution loan or \$2,500,000 at any point in time, whichever is less.

If the loan is made by an enrolled lending institution, the CFA will issue a guarantee certificate subject to the terms and conditions of the master guarantee agreement already executed in favor of the lending institution.

If the loan is made by a lending institution not enrolled with the CFA, the CFA will first execute a master guarantee agreement with the lending institution, in form and substance as described in Section IV.B. above, and then issue a guarantee certificate for the specific loan. Following execution of the master guarantee agreement, the lending institution will be considered to be enrolled in the program for any future guarantee applications.

## **Section V – Miscellaneous Program Requirements**

---

### **A. Application Forms**

Applicants for planning grants, loans or loan guarantees will use the on-line DCED Electronic Single Application for Assistance. The application must be submitted to DCED online by accessing [www.newPA.com](http://www.newPA.com) or [www.esa.dced.state.pa.us](http://www.esa.dced.state.pa.us). One copy of the supplemental information to the application will need to be mailed to DCED or, if in electronic format, the supplemental information can be e-mailed to [ra-dcedcbf@state.pa.us](mailto:ra-dcedcbf@state.pa.us). Please be sure to reference the identification number for the application submitted online if you are mailing or e-mailing supplemental information.

### **B. Nondiscrimination**

No assistance is awarded to an applicant under this program unless the applicant certifies to the CFA or DCED that they shall not discriminate against any employee or against any person seeking employment because of race, color, handicap, national origin, age, or sex. All contracts for work to be paid with First Industries – Tourism Program assistance must contain the Commonwealth's official nondiscrimination clause.

### **C. Project Records**

The applicant must maintain full and accurate records with respect to the project and must ensure adequate control over the control of related parties in the project. The CFA or DCED require access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of the CFA or DCED, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.

### **D. Guideline Provisions**

The First Industries – Tourism Program Guideline provisions may be modified or waived by the CFA unless otherwise required by law.

## Section VI – Program Inquiries

---

Program inquiries should be directed to:

The First Industries – Tourism Program  
Commonwealth Financing Authority  
Commonwealth Keystone Building  
400 North Street, 4<sup>th</sup> Floor  
Harrisburg, PA 17120-0225

For information regarding:

- planning grants: (717) 787-7120
- loans: (717) 783-5046
- loan guarantees: (717) 783-1109

E-mail: [ra-dcedcbf@state.pa.us](mailto:ra-dcedcbf@state.pa.us)

These guidelines can also be accessed online at [www.newPA.com](http://www.newPA.com).

## Appendix I – Supplemental Information for the Single Application for Assistance

---

### First Industries Tourism Planning Grants

In addition to completing the on-line Electronic Single Application for Assistance, please include the following items when applying.

- Exhibit 1:** Provide a description of the project which must include all of the following: (a) specific activities to be carried out with the grant; (b) the goal to be achieved by the project; (c) the time table for carrying out these activities; (d) the proposed result; (e) the intended next steps following completion of the planning project; (f) an estimate of the cost of the predevelopment activities or feasibility studies; and (g) the amount of the planning grant sought. The goals and results must describe measurable impacts, such as room nights generated, intended to be achieved and the methodology for measurement.
- Exhibit 2:** Provide a description of the project which discusses one or more of the following: (a) the demonstrable impact of the project on the economy or well-being of the neighborhood, community or region and methodology for measurement of impact; (b) how the project will result in cost-effective and efficient marketing of regional assets related to tourism; (c) how the project will result in a substantial increase in revenues for the state or the host municipality; and/or (d) how the project will promote a public/private partnership for the utilization of a Commonwealth-owned resource.
- Exhibit 3:** Provide a description of the project which discusses one or more of the following (if applicable): (a) how the project will generate significant room night demand for overnight accommodations and draw tourists from outside a 100-mile radius of the proposed site; (b) how the project will define or interpret the heritage of neighborhoods, communities, or regions of the Commonwealth; (c) how the project will capture the location character; (d) the readiness of the project to proceed; (e) how the project will positively impact economic conditions in an economically distressed area of the Commonwealth; (f) how the project will leverage significant local matching funds; (g) the adherence of the project to sound land use principles; and/or (h) why the project requires an investment of public funding to move forward or to be competitive with similar projects in the region.

### First Industries Loans for Tourism

Please refer to the Small Business First (SBF) guidelines or the Machinery and Equipment Loan Fund (MELF) guidelines (both attached) for further information regarding application process and supplemental information needed.

## First Industries Loan Guarantees for Agriculture and Tourism

### Enrollment of Lending Institutions

Lending Institutions wishing to enroll in the program must submit a request for enrollment to the CFA which contains the following information: (a) the name and address of the lending institution; (b) the name, title, and address of the person who will serve as the point of contact for the lending institution with regard to loan guarantee applications; and (c) a description of the lending activities presently engaged in by the lending institution that involve agriculture or agriculture-related projects and/or tourism or tourism-related projects and how the lending institution proposes to use the loan guarantee program to supplement or expand those lending activities. Enrollment requests should be sent to:

The First Industries Program  
Commonwealth Financing Authority  
Commonwealth Keystone Building  
400 North Street, 4<sup>th</sup> Floor  
Harrisburg, PA 17120-0225

### Application for Loan Guarantees

In addition to completing the Single Application for Assistance, please complete and attach Appendix II on Pages 11 and 12.

## Appendix II

### First Industries Loan Guarantee Supplemental Information

1. Name of Lending Institution: \_\_\_\_\_
2. Lender ID #: \_\_\_\_\_
3. Lender Loan #: \_\_\_\_\_
4. Date Loan Documents Entered Into: \_\_\_\_\_
5. Date of Reservation Request (if applicable): \_\_\_\_\_
6. Name & Address of Borrower: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
7. **If the Borrower is an Individual or a For-Profit Business:**  
Type of Business the Borrower Conducts: \_\_\_\_\_  
Names and Address of Principals (*include individuals having a 20% or greater ownership interest in business*):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
8. **If the Borrower is a Non-Profit Organization:**  
Type of Activity Conducted: \_\_\_\_\_  
Names and Addresses of Officers of the Borrower:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
9. Total Loan Amount: \_\_\_\_\_
10. The Amount of the Loan Guarantee Requested: \_\_\_\_\_
11. Loan Type:
  - a. Minority Business -  Yes  No  
(Minority Businesses are those owned by African Americans, Hispanic Americans, Native Americans, Asian Americans, Alaskans and Pacific Islanders [This designation does not include women-owned businesses])
  - b. Term Loan -  Yes  No # of Months \_\_\_\_\_
  - c. Other: \_\_\_\_\_  
\_\_\_\_\_
12. Additional Amount (if any) of Contemporaneous Lending by Lender to Borrower: \_\_\_\_\_  
\_\_\_\_\_

13. Attach a copy of borrower's last two years of financial statements prepared or reported on by an independent certified public accountant.
14. Attach a description of all sources of financing for the project, including terms, conditions, and collateral or other security required for the loan which is the proposed subject of the guarantee. A copy of the lending institution's commitment letter and/or term sheet must be included.

**For Tourism Projects, also include:**

**Exhibit A:** A description of the project to be funded by the loan, including a statement of the tourism activity to be undertaken by the project, the anticipated economic impact to the Commonwealth and the host municipality as a result of the project, and a detailed statement of the total project cost. The Borrower must describe measurable impacts, such as room night generation, intended to be achieved and the methodology for measurement.

**Exhibit B:** An additional description of the project which discusses one or more of the following (if applicable): (a) how the project will result in cost-effective and efficient marketing of regional assets related to tourism; (b) how the project will promote a public/private partnership for the utilization of a Commonwealth-owned resource; (c) how the project will generate significant room night demand for overnight accommodations and draw tourists from outside a 100-mile radius of the proposed site; (d) how the project will define or interpret the heritage of neighborhoods, communities, or regions of the Commonwealth; (e) how the project will capture the location character; (f) the readiness of the project to proceed; (g) how the project will positively impact economic conditions in an economically distressed area of the Commonwealth; (h) how the project will leverage significant local matching funds; (i) the adherence of the project to sound land use principles; and/or (j) why the project requires public financial assistance to move forward or to be competitive with similar projects in the region.

**For Agriculture Projects, also include:**

**Exhibit A:** A description of the project to be funded by the loan, including a statement of the anticipated economic impact to the Commonwealth and the host municipality as a result of the project, a detailed statement of the total project cost and the impact, if any, on prime farmland.

**Exhibit B:** An additional description of the project which discusses one or more of the following (if applicable): (a) the readiness of the project to proceed; (b) how the project will positively impact economic conditions in an economically distressed area of the Commonwealth; (c) how the project will leverage significant local matching funds; (d) how the project demonstrates partnerships between private sector corporations and public sector and/or non-profit organizations; (e) the adherence of the project to sound land use principles; (f) why the project requires public financial assistance to move forward or to be competitive with similar projects in the region; and/or (g) if the project is working in conjunction with other programs promoting urban and rural supermarket development, including, but not limited to, the Fresh Food Financing Initiative.

---

**If lending institution is not enrolled with the CFA, the lending institution must submit all of the information required for enrollment as specified in the First Industries Guidelines and on Appendix I.**

**Designated Loan Officer/First Industries Participating Lending Institution**

Authorized Signature: \_\_\_\_\_

Name and Title: \_\_\_\_\_

Date: \_\_\_\_\_

# Small Business First

Program Guidelines | June 2009

> ready > set > succeed



# Table of Contents

---

<b>Section I</b>	<b>General</b> .....	1
A.	Introduction .....	1
<b>Section II</b>	<b>Eligibility</b> .....	1
A.	Eligible Small Business Enterprises .....	1
<b>Section III</b>	<b>Program Requirements</b> .....	2
A.	Loan Amount .....	2
B.	Private Investment Requirement .....	3
C.	Employment Requirement .....	3
D.	Loan Security .....	3
E.	Repayment Terms .....	3
F.	Interest Rates .....	3
<b>Section IV</b>	<b>Limitations and Restrictions</b> .....	4
A.	Limitations .....	4
B.	Restrictions .....	4
C.	Eligible Use of Funds .....	5
D.	Ineligible Use of Funds .....	5
<b>Section V</b>	<b>Application Procedures</b> .....	6
A.	Single Application Instructions .....	6
B.	Application Submission and Approval Procedure .....	6
<b>Section VI</b>	<b>Application Evaluation Criteria</b> .....	7
A.	Business Evaluation .....	7
B.	Public Benefit Criteria .....	7
<b>Section VII</b>	<b>Penalties and Inspections</b> .....	8
A.	Penalties .....	8
B.	Inspections .....	8
<b>Section VIII</b>	<b>Contact Information</b> .....	8
<b>Section IX</b>	<b>First Industries Program</b> .....	8
A.	Eligible Small Business Enterprise .....	8
B.	Application Evaluation .....	9
C.	Interest Rate .....	10
D.	Application Forms .....	11
<b>Appendix I</b>	<b>Area Loan Organizations</b> .....	12

ARCHIVED

# Section I – General

---

## A. Introduction

The Small Business First (SBF) loan program is designed to stimulate the expansion and assist in the retention of small businesses for the purpose of creating new jobs and retaining existing jobs in Pennsylvania. SBF provides low-interest loan financing for a portion of the costs of land, building, machinery and equipment, and working capital to businesses unable to fully finance these projects with equity, bank financing, or other private and public sources.

SBF may be used in conjunction with other state financing programs or with programs operated by local and regional economic development providers. While the Pennsylvania Department of Community and Economic Development (DCED) has overall administrative responsibility for the SBF program, all loan applications are packaged, closed, and managed by a network of Area Loan Organizations (ALOs).

SBF is financed both by state funds and by funds from the United States Economic Development Administration (EDA). When EDA funds are used, the most recent EDA guidelines will apply to the loan instead of SBF's guidelines.

# Section II – Eligibility

---

## A. Eligible Small Business Enterprises

An eligible small business enterprise is a for-profit corporation, limited liability company, partnership, proprietorship or other legal business entity located within the Commonwealth of Pennsylvania and having 100 or fewer full-time employees worldwide at the time of submission of the application. To be eligible for SBF financing, the small business enterprise must be located in a small business incubator or meet the definitions of one of the following enterprises:

1. **Agricultural Enterprise** – An enterprise that is engaged in either of the following:
  - The manufacture, development or preparation for sale of one or more farm commodities which adds value to those commodities.
  - The conversion of a farm product into a marketable form, including, but not limited to, livestock by slaughtering, fruits and vegetables by canning and freezing and forest products by secondary processing.
2. **Agricultural Producer** – A small business enterprise involved in the management and use of a normal agricultural operation for the production of a farm commodity. Such operations consist of, but are not limited to, the production, harvesting or preparation for market of poultry, livestock and their products (including bee products), agricultural crops, timber, horticultural crops (including flowers, fruits, vegetables and shrubs), and aquaculture crops including fish and plants grown in water. The enterprise must operate on not less than ten contiguous acres in area or operate on less than ten contiguous acres in area but with an anticipated yearly gross income of at least \$10,000.
3. **Industrial Enterprise** – An enterprise other than a mercantile, commercial, or retail business. Examples include: warehouse and terminal facilities, office buildings utilized as national or regional headquarters and computer or clerical operations centers.

4. **Manufacturing Enterprise** – An enterprise engaged in the giving of new shapes, new qualities or new combinations to matter by the application of skill and labor.
5. **Research and Development Enterprise** – An enterprise for the discovery of new, or the refinement of known, substances, processes, products, theories, and ideas, but does not include activities directed primarily to the accumulation or analysis of commercial, financial or mercantile data.
6. **Hospitality Enterprise** –
  - An enterprise that operates a hotel, motel or other lodging facility that employs at the time of submission of the application at least five full-time equivalent employees; or
  - Operates a restaurant or food service operation open to the public that has been in continuous operation (as a single, distinct, identifiable business, although not necessarily under the same ownership or management) for at least five years and employs at the time of submission of the application at least five full-time employees.
  - For a project to be eligible as a hospitality industry project, the applicant must demonstrate that the project is integrally related to the operation of such hotel, motel or other lodging facility, or to the operation of such restaurant or food service operation open to the public.
7. **Defense Conversion Enterprise** – An enterprise conducting defense conversion activities.
8. **Recycling Enterprise** – An enterprise for recycling municipal or commercial waste (other than organic wastes) or for manufacturing processes which involve significant use of recycled municipal or commercial waste materials (other than organic waste).
9. **Computer-Related Services Enterprise** – An enterprise engaged in the development of computer software; business to business computer related consulting solutions, including but not limited to network development or e-business applications or development of custom programs for businesses. Computer training providers are not eligible under this category.
10. **Construction Enterprise** – Building contractors that derive 80% or more of their income from the construction of new business-related or residential buildings.
11. **Child Day-Care Enterprise** – The start-up or expansion of a for-profit or non-profit child day care center licensed or in the process of being licensed by the Commonwealth of Pennsylvania which provides care simultaneously for seven or more children who are not related to the provider.

## Section III – Program Requirements

---

### A. Loan Amount

1. The maximum loan amount for land, buildings, machinery and equipment is \$200,000 or 50% of the total eligible project cost, whichever is less.
2. The maximum loan amount for working capital is \$100,000 or 50% of the total eligible project cost, whichever is less.
3. An applicant may not receive more than \$200,000 in new financing under the SBF program in any 12 month period.

## **B. Private Investment Requirement**

Loans must be made in conjunction with another source or sources of financing for the eligible costs incurred, such as another lender or equity from the owners or investors. Funds from other sources must equal at least 50% of eligible project costs and must have either equivalent or longer terms than the SBF loan.

Land and building and machinery and equipment purchases made within a 12 month period prior to the filing of an application may be eligible as private match towards an SBF loan project.

## **C. Employment Requirement**

1. Except for loans to agricultural producers, one full-time job must be demonstrated to be preserved, or created and maintained through the end of the three year monitoring term for each \$25,000 loaned from SBF.

## **D. Loan Security**

1. All loans must be secured at the highest lien position available on one or more of the following assets: land, buildings, machinery, equipment, accounts receivable, and inventory.
2. SBF may require personal or corporate guarantees or may require other types of collateral as circumstances allow.
3. SBF must have a collateral lien position on the assets being funded unless specifically waived and have a loan to value ratio of 90% or lower on similar liened assets.

## **E. Repayment Terms**

1. Loans used for real estate may have a repayment period of up to 15 years.
2. Loans used for machinery and equipment may have a repayment period of up to 10 years.
3. Loans used for working capital may have a repayment period of up to 3 years.
4. In projects where two or more uses of SBF funds are planned, loan terms may be blended.
5. A small business enterprise may prepay a SBF loan at anytime without financial penalty.

## **F. Interest Rates**

The interest rate for the loan will be fixed at the time of approval of the loan and remain fixed for the duration of the repayment term. Interest rates are subject to change based on market conditions. Contact DCED for the current interest rate.

## Section IV – Limitations and Restrictions

---

### A. Limitations

1. A small business enterprise is permitted to lease up to 49% of the space in a building it occupies to tenants who would qualify as eligible small business enterprises under SBF.
2. Eligible costs of land, buildings, and machinery and equipment are limited to out-of-pocket costs incurred by small business enterprises. Unrealized appreciation in value may NOT be considered in determining eligible costs.
3. DCED recognizes the long lead times involved in acquiring, constructing, or renovating land and buildings and in ordering machinery and equipment. Therefore, the applicant, with the approval of the ALO, may request a “letter of no prejudice” from DCED. If DCED grants such a letter, the applicant may continue with the project while its loan is under review. In these instances, the applicant is continuing at its own risk in the event the ALO or DCED does not approve the loan.

If the applicant does not receive a “letter of no prejudice,” the applicant may place orders, sign sales agreements, and make security deposits on machinery and equipment and land and buildings prior to approval of the loan by the ALO or DCED without making its project ineligible. However, unless there is a “letter of no prejudice” in place, the applicant may not, prior to the ALO and the applicant accepting DCED’s Loan Approval Memorandum and returning it to DCED, transfer title or occupy the land or buildings to be financed with the loan; install or use the machinery and equipment except pursuant to a short-term lease or similar arrangement subject to cancellation by the applicant without substantial penalties; and finance any working capital needs.

4. The Department of Community & Economic Development, Small Business First Program will allow one retention loan per company for the same jobs.

For Example: In January 2004, ABC Company received a \$100,000 loan based upon retaining its existing four employees. In January 2005, ABC Company is not eligible for a retention loan for the same four employees.

### B. Restrictions

1. The applicant and its principals may not be delinquent in or in default of any existing loans relating to the applicant, unless they have entered into a workout agreement satisfactory to the respective creditor(s) and are fully in compliance with the terms of that agreement, the applicant and its principals will be required to execute an affidavit to that effect. For purposes of the program, a “principal” of an applicant is any record or beneficial owner of 20% or more of an ownership interest in the applicant.
2. The applicant and its principals must be current in payment of all applicable state and local taxes unless they have entered into a workout agreement satisfactory to the respective taxing authority and are fully in compliance with the terms of that agreement.
3. The applicant and its principals and managerial officers must disclose any potential conflicts of interest with any officials or employees of DCED or with any officials or employees of the ALO involved in submission of the applicant’s project.
4. The applicant may not use SBF funds to relocate from one area of the Commonwealth to another without at least a 25% increase in net employment. For purposes of this provision, no relocation which is either (i) within the same county, or (ii) within the same labor market as determined by the United States Department of Labor shall be deemed to be relocation from one area of the Commonwealth to another.

5. The applicant may not use SBF loans in combination with Machinery and Equipment Loan Fund (MELF) loans in equipment projects and with Pennsylvania Industrial Development Authority (PIDA) loans for real estate projects.
6. The total project cost for real estate projects may not exceed \$800,000 unless previously approved by DCED. Applicants are encouraged to use PIDA or other sources of funding for real estate projects exceeding \$800,000.

### C. Eligible Use of Funds

#### 1. Land Costs

Land costs may include, but are not limited to, acquisition, site preparation, and testing, utilities, site mapping, landscaping, legal, and other related costs. Land costs must be directly associated with the purchase, renovation, or new construction of a building or production facility.

#### 2. Related Cost

Building costs may include, but are not limited to, building acquisition, construction, rehabilitation, and engineering, architectural, legal, and other related costs.

#### 3. Machinery and Equipment Cost

Machinery and equipment costs may include, but are not limited to, costs of acquisition, delivery, and installation. Such costs are eligible if associated with acquisition of machinery and equipment that the applicant has newly purchased, even if such machinery had previously been in service with another user. Costs of mobile equipment are eligible if, and only if, such equipment is not titled or registered for highway use.

#### 4. Working Capital

Capital used by a small business enterprise for operations, including without limitation, personnel and training costs.

### D. Ineligible Use of Funds

The following activities may not be funded through the SBF Loan.

1. Refinancing any portion of the total project cost, except for short-term “bridge” financing where the bridge financing is being promptly replaced by the proceeds of the loan and the bridge financing has been disclosed to the ALO in connection with its review of the loan.
2. Providing funds, directly or indirectly, for payment, whether as loan repayment, dividend distribution, return of capital, loans, or otherwise, to owners, partners or shareholders of the small business enterprise, except as ordinary compensation for services rendered.
3. Related party transactions, i.e., costs associated with a less than arms length transaction where the buyer and the seller are one and the same or are related to each other by marriage, blood, or law.
4. Projects which have commenced, or to which the small business enterprise has committed, before receiving approval of the SBF loan, unless the small business enterprise has received a letter of non prejudice to commence.
5. Fees charged to the small business enterprise by brokers, finders, financing consultants and economic agencies are not eligible project costs, except the fees payable to DCED, if any, and fees and expenses charged to the applicant by the ALO may be included as part of the eligible project cost. Reasonable loan processing fees may be charged to the applicant by the ALO, provided they are set forth in the commitment letter for the loan. The applicant should check with the ALO regarding the fees that will be charged to the applicant for processing a loan application and/or in closing a loan under the SBF program.

DCED retains the right to set standards for fees charged by Area Loan Organizations.

# Section V – Application Procedures

---

## A. Single Application Instructions

1. Applicants ready to apply for funding must utilize the electronic on-line DCED Single Application for Assistance.
  - a. The Single Application can be accessed at: [www.esa.dced.state.pa.us](http://www.esa.dced.state.pa.us).
  - b. For assistance in completing the application, please contact the DCED Customer Service Center at 1-800-379-7448 or 717-787-3405 or e-mailing: [radcedcs@state.pa.us](mailto:radcedcs@state.pa.us).
  - c. Applications may be submitted at any time.
  - d. Completed SBF Loan Applications should be submitted to the ALO responsible for the County in which the business is located. Applications submitted to DCED by an Applicant will be returned to the applicant with instructions to contact the appropriate ALO.
2. Instructions for completing electronic on-line DCED Single Application for Assistance are as follows: Complete pages 1 thru 6 of the Single Application and attach:
  - a. A narrative description of the overall project and a description of the specific items identified on the Project Budget as listed on pages 3 thru 5. The application must be signed and dated by the ALO and by the proposed applicant.
  - b. Company Ownership Profile and Company Marketing Information forms.
  - c. A certified resolution of the ALO board of directors approving the loan application.
  - d. The SBF Set-Aside Request/Tax Liability Clearance form.
  - e. The ALO's Summary of Terms and Conditions, which identifies the terms of the loan.

## B. Application Submission and Approval Procedure

1. The ALO must review and approve an SBF application submitted by an applicant before the application may be submitted to DCED. During the course of its review, the ALO shall request DCED to confirm that funds are available for the loan request and to “set aside” sufficient funds.
2. DCED will review each application in the order received from the ALOs.
3. DCED will formally notify the ALO of its decision to approve or reject a loan application within 10 business days of receipt of the completed loan application.
4. Approved projects will receive a Loan Approval Memorandum which the ALO must sign and return within 30 days. Once accepted by the ALO, the Loan Approval Memorandum is valid for a period of 90 days.
5. Before DCED will authorize disbursement of loan funds, the ALO must confirm:
  - a. That all other sources of funding will be in place at the time of closing.
  - b. That the use of all funds remains as presented in the project application.
  - c. That there are no material changes to collateral or other terms and conditions of the loan as previously approved by DCED.

- d. Whether the loan will close into an escrow account.
  - e. That all conditions of the ALO's commitment letter with the applicant have been satisfied.
  - f. The FEIN and Social Security numbers of the applicant, occupant, and all guarantors.
6. Any material changes in the project application, collateral, or terms must be reviewed and approved by the ALO, and recommended to and approved by DCED.
  7. The ALO will make arrangements to close the SBF loan within 10 business days of the selected closing date. If the loan does not close within that time period, the ALO must return the SBF funds to DCED.
  8. Loans will be disbursed at the loan closing between the ALO and the applicant. Loan proceeds may be disbursed to the applicant or placed into an escrow account with a commercial lending institution. Interest will accrue on the loan from the date of closing.
  9. Unless otherwise agreed to by the ALO, with the approval of DCED, regular amortization payments of principal and accrued interest on the loan will begin at time of closing-- whether or not the loan is disbursed in whole or in part into escrow.
  10. The first payment of principal and interest will be due the first day of the second calendar month following the calendar month in which closing occurs and will include a lump-sum payment of the interest that has accrued from the date of the check issued for closing. Thereafter, payments of principal and interest will be due the first day of each month.
  11. Escrow accounts must be established when the SBF project includes working capital. No escrow account may extend beyond 12 months without the prior written consent of DCED.

## Section VI – Application Evaluation Criteria

---

### A. Business Evaluation

The ALO will evaluate the historical and financial performance of a small business enterprise to assess its ability to repay the SBF loan. The ALO will also assess the eligibility of the Project under these SBF guidelines.

### B. Public Benefit Criteria

ALOs should consider the following in submitting SBF loans to DCED for funding:

1. The total number of jobs to be created or preserved by the proposed project.
2. The number of jobs to be created or retained per SBF dollar invested.
3. The dollar amount of the private investment to be leveraged as a result of the SBF investment.
4. The strategic importance of the industry to the Commonwealth and the applicant being assisted and/or the area being served.

## Section VII – Penalties and Inspections

---

### A. Penalties

1. Failure to meet any of the terms or conditions of the loan may result in an increase in the interest rate to a rate not exceeding 2% above the current prime interest rate on the outstanding principal for the remainder of the loan unless it is determined by DCED that failure was due to circumstances beyond the control of the business.
2. Any material misrepresentation in any application or use of loan funds for ineligible activities may be cause for rejection of an application or for calling an SBF loan in default. In addition, the matter may be referred to the appropriate authorities for criminal investigation.

### B. Inspections

Upon reasonable request of DCED or the ALO, the applicant shall permit duly authorized employees of the Commonwealth and the ALO to inspect the plant, books and records of the small business enterprise.

## Section VIII – Contact Information

---

Program inquires should be directed to the ALO serving your country (see Appendix 1) or to:

Department of Community and Economic Development  
Center for Business Financing  
400 North Street, 4<sup>th</sup> Floor  
Commonwealth Keystone Building  
Harrisburg, Pennsylvania 17120-0225  
Phone: (717) 783-5046  
Fax: (717) 787-0879  
E-mail: ra-dcedsbfo@state.pa.us

## Section IX – First Industries Program

---

Agriculture and tourism – two of Pennsylvania's largest industries – are longtime contributors to the Commonwealth's economic health. Through the First Industries Program, low-interest loans are being made available to assist production agriculture and tourism related enterprises. Funds available under this section shall be administered in accordance with Sections I – VIII of these guidelines. Those instances where the First Industries Program requirements differ from the Small Business First Program requirements are identified below.

### A. Eligible Small Business Enterprise

To be eligible for First Industries funds, a for-profit small business enterprise having 100 or fewer employees worldwide at the time of application must be engaged in one of the following activities:

1. Production agriculture, which is the production of farm commodities or farming. Farm commodities include: agricultural, horticultural, aquacultural, vegetable, fruit and floricultural products; livestock and meats; wools; hides; furs; poultry and eggs; dairy products; nuts; mushrooms; honey products; and forest products.
2. Agribusiness (for example, food processing).
3. The sale of farm commodities at wholesale.
4. The sale of farm commodities at retail by urban and rural supermarkets located in underserved areas. Supermarkets are retail stores operated on a self-service basis, primarily selling groceries, produce, meat, baked goods and dairy products. Convenience stores do not qualify as supermarkets. Underserved area is defined as a low or moderate income census tract, an area of below average supermarket density or an area having a supermarket customer base with more than 50% living in a low income census tract or other area demonstrated to have significant access limitations due to travel distance as determined by the Commonwealth Financing Authority.
5. Farmers' markets.
6. Energy-related activities impacting production agriculture or agribusiness.
7. Activities which implement best management practices related to agricultural waste, waste products and byproducts, or fertilizer.
8. Destination sites located in Pennsylvania, including but not limited to historic, heritage, cultural, sporting, amusement, nature, outdoor recreational, or retail venues.
9. Hospitality establishments, including lodging and restaurants, retail establishments, and outdoor activity-based businesses in close geographic proximity to a Pennsylvania destination site or part of the marketing effort that targets a Pennsylvania destination site.
10. Businesses that develop and market travel packages for the purpose of bringing out of state visitors into Pennsylvania to enjoy attractions and stay in overnight, paid accommodations.
11. Public/private partnerships formed to enhance or optimize the use of Commonwealth owned resources such as state-owned parks and state game lands.
12. Tourism related activities or events that promote overnight visits in Pennsylvania.

## **B. Application Evaluation**

In addition to the ALO's evaluation of the historical and financial performance to assess the ability of a small business enterprise to repay the SBF loan, the application will be evaluated by DCED. Final approval will be made by the Commonwealth Financing Authority. Priority consideration will be given if the project demonstrates one or more of the following:

### **For tourism projects –**

1. The project will demonstrate a significant economic impact to the Commonwealth or the host municipality in which it will be located, and it will enhance the tourism industry within the Commonwealth.
2. The project will result in cost-effective and efficient marketing of regional assets related to tourism.
3. The project will promote a public/private partnership for the utilization of a Commonwealth-owned resource.

4. The project will generate significant room night demand for overnight accommodations and will draw tourists from outside a 100-mile radius of the proposed site.
5. The project will define or interpret the heritage of neighborhoods, communities, or regions of the Commonwealth.
6. The project will capture the location character.
7. The project is ready to proceed.
8. The project will positively impact economic conditions in an economically distressed area of the Commonwealth.
9. The project will leverage significant local matching funds.
10. The project adheres to sound land use principles.
11. The project requires public financial assistance to move forward or to be competitive with similar projects in the region.

**For agriculture projects –**

1. The project will demonstrate a significant economic impact to the Commonwealth or the host municipality in which it will be located, and it will enhance the agricultural industry within the Commonwealth.
2. The impact of the project, if any, on prime farmland.
3. The project is ready to proceed.
4. The project will positively impact economic conditions in an economically distressed area of the Commonwealth.
5. The project will leverage significant local matching funds.
6. The project demonstrates partnerships between private sector corporations and public sector and/or non-profit organizations.
7. The project adheres to sound land use principles.
8. The project requires public financial assistance to move forward or to be competitive with similar projects in the region.
9. The project is working in conjunction with other programs promoting urban and rural supermarket development, including, but not limited to, the Fresh Food Financing Initiative.

**C. Interest Rate**

The interest rate for the loan will be fixed at the time of approval of the loan. Interest rates are subject to change based on market conditions. The current interest rate is posted on the [www.newPA.com](http://www.newPA.com) website.

#### **D. Application Forms**

Applicants for First Industries SBF loans will use the electronic on-line DCED Single Application for Assistance. Completed First Industries SBF Applications should be submitted to the ALO responsible for the County in which the business is located. Applications submitted to DCED by an Applicant will be returned to the Applicant with instructions to contact the appropriate ALO. After review and approval by the ALO, two copies of the application must be submitted to DCED. Two copies of the supplemental information to the application will need to be mailed to DCED if in electronic format; the supplemental information can be e-mailed to [ra-dcedcbf@state.pa.us](mailto:ra-dcedcbf@state.pa.us). Please be sure to reference the identification number for the application submitted online if you are mailing or e-mailing supplemental information.

ARCHIVED

## Appendix I – Area Loan Organizations

---

An Area Loan organization is a non-profit economic development organization certified by the Department of Community and Economic Development to package loan applications, evaluate and approve loans, and administer those loans under the Small Business First loan program. For the most current listing, visit [www.newPA.com/programDetail.aspx?id=33](http://www.newPA.com/programDetail.aspx?id=33).

### **Adams County Economic Development Corporation (ACEDC)** (*Adams*)

Robin Fitzpatrick, President  
1300 ProLine Place  
Gettysburg, PA 17325-2506  
717-334-0042 Fx-717-337-1628  
Email: [rfitzpatrick@acedc.org](mailto:rfitzpatrick@acedc.org)

### **Bucks County Economic Development Corporation (BCEDC)** (*Bucks*)

Robert F. Cormack, Executive Director  
Jim Pawlikowski, Loan Mgr.  
2 East Court Street  
Doylestown, PA 18901  
215-348-9031 Fx-215-348-8829  
Email: [rhc@bcedc.com](mailto:rhc@bcedc.com)  
Email: [jjp@bcedc.com](mailto:jjp@bcedc.com)

### **Capital Region Economic Development Corporation (CREDC)** (*Dauphin and Cumberland*)

David E. Black, President & CEO  
Linda Goldstein, VP/COO  
Melissa M. McLaughlin, Business Finance Officer  
3211 North Front Street, Suite 201  
Harrisburg, PA 17110  
717-232-4099 Fx-717-232-5184  
Email: [mmclaughlin@hbgrc.org](mailto:mmclaughlin@hbgrc.org)

### **Chester County Economic Development Council (CCDC)** (*Chester*)

Gary W. Smith, Executive Director  
Chuck Evans, Loan Manager x242,  
Linda Mulgrew, AA x216  
737 Constitution Drive  
Exton, PA 19341  
610-458-5700 Fx 610-458-7770  
Email: [cevans@cceconomicdevelopment.com](mailto:cevans@cceconomicdevelopment.com)  
Email: [lmulgrew@cceconomicdevelopment.com](mailto:lmulgrew@cceconomicdevelopment.com)

### **Delaware County Economic Development Oversight Board (DCEDOB)** (*Delaware*)

J. Patrick Killian, Commerce Director  
Robert J. Leitzell, Finance Director  
200 East State Street Ste 205  
Media, PA 19063  
610-566-2225 Fx 610-566-7337  
Email: [bob@delcopa.org](mailto:bob@delcopa.org)  
Email: [jpk@delcopa.org](mailto:jpk@delcopa.org)

### **EDC Finance Corporation (EDCFC)** (*Lancaster*)

David K. Nikoloff, Executive Director  
John Biemiller, Assistant Director  
Southern Market Center  
100 South Queen Street, P.O. Box 1558  
Lancaster, PA 17608-1558  
717-397-3531 Fx-717-293-3159  
Email: [biemiller@edclancaster.com](mailto:biemiller@edclancaster.com)

### **Franklin County Area Development Corporation (FCADC)** (*Franklin*)

L. Michael Ross, President  
Judy Evans-Ops Mgr;  
1900 Wayne Road  
Chambersburg, PA 17202-8836  
717-263-8282 Fx-717-263-0662  
Email: [mike@fcadc.com](mailto:mike@fcadc.com)  
Email: [judy@fcadc.com](mailto:judy@fcadc.com)

### **Greater Berks Development Fund (GBDF)** (*Berks*)

Edward J. Swoyer, Jr. President  
Christopher S. Witmer, Director of Project Development  
P.O. Box 8621  
19 North 6th Street, Suite 200  
Reading, PA 19603-8621  
610-376-6739 Fx-610-478-9553  
Email: [eswoyer@readingpa.com](mailto:eswoyer@readingpa.com)  
Email: [cwitmer@readingpa.com](mailto:cwitmer@readingpa.com)

**Johnstown Industrial Development Corporation (JIDC)** (*Armstrong, Cambria, Fayette, Greene, Indiana, Somerset Washington & Westmoreland*)

Michelle Clapper, VP, Economic Dev.

325 Market Street, Suite 200

Johnstown, PA 15901

814-535-8675 Fx-814-535-8677

Email: mclapper@jari.com

**Lebanon Valley Economic Development Corporation (LVEDC)** (*Lebanon*)

Charles Blankenship, President

Susan Eberly, Vice President

445 Schaeffer Road/P.O. Box 52

Lebanon, PA 17042

717-274-3180 Fx-717-274-1367

Email: cblankenship@lvedc.org

Email: seberly@lvedc.org

**Lehigh's Economic Advancement Project, Inc. (LEAP)** (*Lehigh and Northampton*)

Samuel J. Jones, President

Judy Yanega, Fin. Mgr.

John Kingsley, VP Economic Development

2158 Avenue "C" Suite 200

Bethlehem, PA 18017

610-266-6775 Fx-610-266-7623

Email: jyanega@lehighvalley.org

E-mail: jkingsley@lehighvalley.org

**Montgomery County Development Corporation (MCDC)** (*Montgomery*)

Gerald J. Birkelbach, Executive Director

John Elias, Loan Officer

1430 DeKalb Street

Human Services Center, 5th Floor

Norristown, PA 19401

610-278-5950 Fx 610-278-5944

Email: gbirkelb@mail.montcopa.org

Email: jelias@mail.montcopa.org

**North Central Pennsylvania Regional Planning & Development Commission (NCPRPDC)**

(*Cameron, Clearfield, Elk, Jefferson, McKean, and Potter*)

Eric M. Bridges, Executive Director

Pat Brennen, Loan Officer

651 Montmorenci Avenue

Ridgway, PA 15853

814-773-3162 Fx 814-772-7045

Email: mbridges@ncentral.com

Email: pbrennen@ncentral.com

**Northeastern Pennsylvania Alliance EDC (NEPA)**

(*Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill, and Wayne*)

Jeffrey K. Box, President/CEO

Tom Pellegrini, VP of Enterprise Development

John Wozniak, Business Finance Manager

Dave Nat, Business Finance Specialist

1151 Oak Street

Pittston, PA 18640-3795

570-655-5581 Fx-570-654-5137

Email: jbox@nepa-alliance.org

Email: jwozniak@nepa-alliance.org

Email: tpellegrini@nepa-alliance.org

Email: dnat@nepa-alliance.org

**Northampton County New Jobs Corp. (NCNJJC)** (*Northampton*)

J. Lee Boucher, President

Judy Yanega, Fin. Mgr.

Erin Radesky, AA

2158 Avenue "C" Suite 200

Bethlehem, PA 18017

610-266-6775 Fx 610-266-7623

Email: jyanega@lehighvalley.org

Email: eradesky@lehighvalley.org

**Northern Tier Regional Planning & Development Commission (NTRPDC)** (*Bradford, Sullivan, Susquehanna, Tioga, and Wyoming*)

Kevin D. Abrams, Executive Director

Kim Barnes, Deputy Director

Paulette Potter, Loan Program Director

312 Main Street

Towanda, PA 18848

570-265-9103 Fx 570-265-7585

Email: barnes@northerntier.org

Email: abrams@northerntier.org

Email: potter@northerntier.org

**Northwest Pennsylvania Regional Planning & Development Commission (NWPRPDC)**

(*Erie, Warren, Crawford, Mercer, Lawrence, Venango, Forest and Clarion*)

Denise McCloskey, Executive Director

Daryl Coyne, Manager, Loan Programs

John Klinger, Loan Specialist

395 Seneca Street

Oil City, PA 16301

814-677-4800 Fx-814-677-7663

Email: denisem@nwcommission.org

Email: darylcnw@nwcommission.org

Email: johnknw@nwcommission.org

**Philadelphia Commercial Development Corporation (PCDC)** *(Philadelphia)*

Aqil Sabur, Interim President/CEO  
John Lenahan, VP of Lending  
1441 Sanson Street, Suite 300  
Philadelphia, PA 19107-4706  
215-790-2200 Fx-215-790-2222  
Email: econpcdc@aol.com  
Email: John.Lenahan@pcdc1.com

**PIDC-Local Development Corporation (PIDC-LDC)** *(Philadelphia)*

John Grady, President  
Sam Rhoads, Sr. VP of Business Development  
Joe Mee, VP of Lending  
2600 Centre Square West  
1500 Market Street  
Philadelphia, PA 19102-2126  
215-496-8020 Fx 215-977-9618  
Email: johng@pidc-pa.org  
Email: joem@pidc-pa.org  
Email: samr@pidc-pa.org

**The Progress Fund (TFP)** *(31 Rural Counties)*

David A. Kahley, President & CEO  
Karen Post, CFO  
425 West Pittsburgh Street  
Greensburg, PA 15601  
724-216-9160 Fx 724-216-9167  
Email: dkahley@progressfund.org  
Email: kpost@progressfund.org

**SEDA-Council of Governments (SEDA-COG)**  
*(Centre, Clinton, Columbia, Juniata, Lycoming, Mifflin, Northumberland, Montour, Perry, Snyder, and Union)*

Dennis E. Robinson, Executive Director  
Jim McClure, Manager/Loan Officer  
Tim Kishbach, Loan Officer  
John Reichard, Loan Officer  
Teri Provost, Analyst  
201 Furnace Road (Timberhaven)  
Lewisburg, PA 17837-8043  
570-524-4491 Fx 570-524-9190  
Email: jmccclure@seda-cog.org  
Email: reichard@seda-cog.org  
tkishbach@seda-cog.org

**Small Enterprise Development Company (SEDCO)** *(York)*

Darrel W. Auterson, President/CEO  
Kenetha Hansen, VP of Community & Economic Development  
Jill Rexroth, Manager - Funding Program  
144 Roosevelt Avenue Suite 100  
York, PA 17404  
717-846-8879 Fx-717-843-8837  
Email: khansen@ycedc.org  
Email: jrexroth@ycedc.org

**Southern Alleghenies Planning & Development Commission (SAPDC)** *(Bedford, Blair, Cambria, Fulton, Somerset & Huntingdon)*

Edward M. Silvetti, Executive Director  
Trudy Mitchell, Dir. of Business Lending Services  
Kathleen Walls, Loan Fund Coordinator  
541-58th Street  
Altoona, PA 16602-9343  
814-949-6500 Fx-814-949-6505  
Email: tmitchell@sapdc.org  
Email: walls@sapdc.org

**Southwestern Pennsylvania Corporation (SPC)**

*(Allegheny, Armstrong, Beaver, Butler, Fayette Greene, Indiana, Washington, & Westmoreland)*  
James Hassinger, Ph.D., President/CEO  
Lew Villotti, Director of Planning & Development  
Richard Wallace, Asst. Business Finance Manager  
Sarah Francis, Business Loan Servicer  
Regional Enterprise Tower  
425 Sixth Avenue, Suite 2500  
Pittsburgh, PA 15219-1852  
412-391-5590 Fx-412-391-9160  
Email: jhassinger@spcregion.org  
Email: rwallace@spcregion.org  
Email: smf@spcregion.org

# Machinery and Equipment Loan Fund

Program Guidelines | February 2013

> ready > set > succeed



## Table of Contents

---

<b>Section I</b>	<b>General</b>	1
A.	Introduction	1
B.	Eligibility	1
C.	Ineligible Applicants and Activities	2
D.	General Program Requirements	3
<b>Section II</b>	<b>The MELF Application Process</b>	4
A.	Single Application	4
B.	DCED Review	6
C.	Procedures for Accessing Funds	7
D.	Limitations and Penalties	7
<b>Section III</b>	<b>First Industries Program</b>	7
A.	Eligible Enterprises	7
B.	Application Evaluation	8
C.	Interest Rate	9
D.	Loan Size	9
E.	Application Process	9

ARCHIVED

## Section I – General

---

### A. Introduction

The Machinery and Equipment Loan Fund (MELF), which is administered by the Department of Community and Economic Development (the Department), is designed to stimulate the growth and assist in the retention of Pennsylvania businesses. The program provides low-interest loan financing for a portion of the cost of machinery and equipment purchases to eligible businesses that commit to creating or retaining jobs within the state. MELF may be used in conjunction with other state financing programs or with programs operated by local or regional economic development providers.

In order to better serve the needs of manufacturers and others who must make substantial capital investments in order to remain competitive in the global marketplace, Act 12 of 2004 amended the MELF law, increasing the maximum loan amount and adding new eligible businesses and activities. Information technology companies, biotechnology companies are now eligible to receive MELF funding.

### B. Eligibility

#### 1. Eligible Applicants

- a. Applicants must be for-profit business enterprises whose project is or will be located within the Commonwealth of Pennsylvania. If the business applying for MELF is a subsidiary, its parent company also must be a for-profit business enterprise.
- b. In addition, an applicant must engage in one or more of the following activities at the project site: manufacturing, industrial processes, mining, production agriculture, information technology, biotechnology, or other industrial or technology sectors as defined by the Secretary.

Agricultural production is defined as an enterprise involved in the management and use of a normal agricultural operation for the production of a farm commodity. A farm commodity is defined as any Pennsylvania-grown agricultural, horticultural, aquacultural, vegetable, fruit or floricultural product of the soil, livestock and meats, wools, hides, furs, poultry, eggs, dairy products, nuts, mushrooms, honey products and forest products. The enterprise may not be less than 10 contiguous acres in area unless it has an anticipated yearly gross income of at least \$10,000.

Industrial processes do not include mercantile, commercial or retail business. Examples may include warehouse and terminal facilities, office buildings utilized as national or regional headquarters and computer or clerical operations centers.

Information technology may include an enterprise engaged in the development of computer software or business-to-business computer-related consulting solutions, including but not limited to network development or e-business applications or development of custom programs for businesses. Computer training providers are not eligible under this category.

#### 2. Eligible Activities

- a. MELF financing is available to eligible applicants that are acquiring and installing new or used machinery and equipment that is directly related to the business process. This includes environmentally essential equipment without which the process could not proceed. The purchase of mobile equipment is eligible only if the equipment will not be titled or registered for highway use.

- b. Financing is also available to eligible businesses to upgrade existing machinery and equipment that is directly related to the business process.
- c. The applicant or an affiliate must plan to own the machinery and equipment that is being purchased or upgraded through an outright purchase, lease/purchase agreement or installment sale agreement under which the applicant is treated as the owner of the machinery and equipment for accounting and tax purposes. The fair market value purchase of an applicant's machinery and equipment may also be eligible if it is in accordance with a purchase option under a lease or similar instrument.

### 3. Eligible Costs

- a. Machinery and equipment costs may include, but are not limited to: costs of acquisition, delivery and installation.
- b. The following limitations apply to eligible costs:
  - Eligible costs of machinery and equipment are limited to out-of-pocket costs, including the costs of closing, incurred by an applicant. Unrealized appreciation in value may *NOT* be considered in determining eligible costs. Maintenance or overhaul of existing machinery and equipment is also not an eligible cost.
  - Fees charged to an applicant by brokers, finders and financing consultants are not eligible project costs. Fees payable to economic development agencies that assist in the preparation of the MELF application and fees payable to the Department may be included as part of the eligible project cost.
  - Costs of an applicant's own employees are treated as working capital expenditures and are not an eligible cost, even if such costs are incurred in connection with the acquisition and installation of the machinery and equipment.

### 4. Restrictions

- a. **No Delinquencies.** The applicant and its principals may not be delinquent or in default of any existing private or public loan relating to the applicant, unless they have entered into a workout agreement satisfactory to the respective creditor(s) and are fully in compliance with the terms of that agreement. For purposes of the program, a principal of an applicant is any record or beneficial owner of 20 percent or more of an ownership interest in the applicant.
- b. **Taxes Current.** The applicant and its principals must be current in payment of all applicable state and local taxes unless they have entered into a workout agreement satisfactory to the respective taxing authority and are fully in compliance with the terms of that agreement.
- c. **Conflicts of Interest.** The applicant and its principals and managerial officers must disclose any potential conflicts of interest with any officials or employees of the Department.

## C. Ineligible Applicants and Activities

1. The following applicants are not eligible:
  - a. computer training providers
  - b. businesses engaged in service, mercantile, or retail operations
  - c. personal and professional service entities

2. Projects relating to any of the following activities are not eligible:
  - a. Refinancing any portion of the total project cost.
  - b. Projects that have commenced before receiving approval of the MELF loan, unless the applicant has received non-prejudicial approval from the Department to commence. See the section on General Program Requirements for further details on the rules relating to commencement.

#### **D. General Program Requirements**

1. **Loan Size**  
The maximum loan amount is \$5 million or 50 percent of the total eligible project costs, whichever is less.
2. **Other Required Investment**
  - a. Loans are made in conjunction with another source or sources of financing for the eligible costs incurred, such as another lender or equity from the owners or investors.
  - b. Funds from other sources must equal at least 50 percent of eligible project costs.
3. **Interest Rate** – The interest rate for the loan will be fixed at the time of approval of the loan and remain fixed for the duration of the repayment term. Interest rates are subject to change based on market conditions. Contact DCED for the current interest rate.
4. **Terms**
  - a. Up to ten (10) years or the life of the machinery or equipment, whichever is less.
  - b. The MELF loan may not exceed the term of any matching sources with a lien prior to or shared with the MELF loan.
5. **Collateral**
  - a. All loans must be secured with not less than a second lien position on the machinery or equipment that is being financed.
  - b. If necessary, the Department may require the company guarantee, personal guarantees and other collateral.
6. **Fees**
  - a. The Department charges a non-refundable loan commitment fee of 1% of the approved loan amount, not to exceed \$10,000.
  - b. A check in the required amount must be made payable to the Machinery and Equipment Loan Fund and returned to MELF with the signed and executed MELF commitment letter.
  - c. This loan fee may be included as part of the MELF project cost.
7. **Job Creation or Retention**
  - a. Jobs created or retained must be full-time, which includes a specific number of hours worked per week (based on industry standards) and paid benefits.
  - b. Except in loans to agricultural producers for each \$25,000 of loan proceeds, at least one full-time job must be created or retained at the project site within three years after the MELF loan has closed.

## 8. Commencement

- a. The Department recognizes the long lead times involved in ordering certain machinery and equipment. Therefore, the applicant may place orders for, make security deposits on and accept delivery of such machinery and equipment prior to approval of the MELF loan. However, the applicant is proceeding at its own risk.
- b. The machinery or equipment may not be installed or used prior to approval of the MELF loan.
- c. However, an applicant may request, in writing, a non-prejudicial letter from the Department receiving permission for the applicant to install and operate equipment prior to approval of the MELF loan.

## 9. Aggregate Limits on MELF Financing

A borrower may not be approved for more than \$5 million in financing under the MELF program in any 36-month period.

# Section II – The MELF Application Process

---

## A. Single Application

1. To apply for funding, the applicant must submit the electronic online DCED Single Application for Assistance located at [www.esa.dced.state.pa.us](http://www.esa.dced.state.pa.us). Please send the signature page via U.S. mail to the address shown in Section II, A.4., along with the following required supplemental information. Please reference the Web ID number on any documents sent with the signature page or via e-mail.
2. Required supplemental information:
  - a. Complete (all statements and notes) fiscal year-end financial statements (prepared by an independent certified public accountant) for the prior three years; interim and one-year projections may also be required. Parent companies of applicants must also submit financial information.
  - b. Start-up businesses must submit a complete set of projections (three years prepared by an independent certified public accountant) with all assumptions listed. A balance sheet, profit & loss statement and cash flow statements must be included.
  - c. A signed and dated personal financial statement (PFS) for any principal. A principal is any individual having ownership of 20 percent or more in the business. Do not include a joint PFS if only one spouse has an ownership interest in the business.
  - d. The ownership breakdown of the business. List the names and respective percentage of ownership, social security number or FEIN.
  - e. If the project contemplates bank financing and the bank is requiring a first or participating first lien, the application **must** include a firm bank commitment letter or the application will not be accepted.

- f. List of the equipment or machinery that is part of the project reflecting the cost for each piece of equipment, as well the cost for installation, shipping or other necessary work involved in the project. (Appraisals may be required when MELF is used for the purchase of used equipment.) Remember, equipment or machinery financed by MELF must be directly related to the manufacturing or industrial process.
  - g. Brief profile of the company: date founded, state and date of incorporation, product description, three major customers and percentage of total sales to each, total number of customers, resumes of the principals/management and percentage of sales that is from exporting outside the U.S.
  - h. If the business or an affiliate received a previous MELF loan, include the loan number, date of approval, amount and status.
  - i. Include a statement reflecting the number of full-time jobs to be retained and or created within three years at the project site and describe the anticipated productivity increase as a result of the financing.
  - j. If applicable, include a letter from the Department permitting the company to install and operate the equipment prior to MELF approval.
  - k. A completed W9 form.
  - l. Planning Dates: date machinery and equipment will be ordered, expected delivery date, date installation will be completed and expected date for completion of upgrades.
  - m. Average salary of jobs created/retained and percentage of employee benefits based on that salary. Example: \$20,000 + 20 percent.
3. If this is a First Industries Agriculture/MELF application, please attach a description of the project which discusses one or more of the following (if applicable):
- a. the impact on prime farmland;
  - b. the readiness of the project to proceed;
  - c. how the project will positively impact economic conditions in an economically distressed area of the state;
  - d. how the project will leverage significant local matching funds;
  - e. how the project demonstrates partnerships between private sector corporations and public sector and/or non-profit organizations;
  - f. the adherence of the project to sound land use principles;
  - g. why the project requires public financial assistance to move forward or to be competitive with similar projects in the region;
  - h. if the project is working in conjunction with other programs promoting urban and rural supermarket development, including, but not limited to, the Fresh Food Financing Initiative.

4. Send the signature page and required supplemental information to:

Pennsylvania Department of Community and Economic Development  
Customer Service Center  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, Pennsylvania 17120-0225

5. Electronic Single Application for Assistance questions should be directed to:

Pennsylvania Department of Community and Economic Development  
Customer Service Center  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, Pennsylvania 17120-0225  
Phone: (800) 379-7448 or (717) 787-3405

6. MELF Program inquiries should be directed to:

Pennsylvania Department of Community and Economic Development  
Machinery and Equipment Loan Fund  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, Pennsylvania 17120-0225

Phone: (717) 787-6245 or  
Fax: (717) 772-2890

## **B. DCED Review**

1. The Department reviews each complete application within thirty (30) working days of receipt to ensure compliance with the requirements of the program and determines if the project is competitive for funding given the available appropriation.
2. The Department considers the following criteria when evaluating an application:
  - a. job creation and retention
  - b. job quality
  - c. geographic impact of the project
  - d. impact on state competitiveness
  - e. investment leveraging
  - f. increase in productivity
3. Following its review of the application, the Department notifies the business of its determination in writing. If approved, a commitment letter is mailed to the business outlining the terms and conditions of the loan, and the name of the attorney in the Department's legal office who will coordinate and schedule a loan closing.
4. The commitment letter must be executed and returned within 30 days of receipt accompanied by a non-refundable commitment fee (equal to 1 percent of the MELF loan amount not to exceed \$10,000). A commitment letter is valid for one year, but may be extended upon the approval of the Department.
5. Any material changes in the application, collateral or terms must be reviewed and approved by MELF.

### **C. Procedures for Accessing Funds**

1. MELF reviews an affidavit of costs prior to disbursement at closing.
  - a. MELF funds are disbursed based on a percentage of participation by all sources of funds comprising total project cost.
  - b. There shall be no more than two (2) disbursements on the MELF loan.
2. Interest is charged to the applicant from the date of the MELF check.
3. Full loan amortization begins as specified in the closing documents.

### **D. Limitations and Penalties**

1. Three years after the closing date of the MELF loan, MELF will initiate a job survey to determine if the job projections have been met. Failure to meet the job projections may result in an increase in the interest rate to a rate not exceeding two percent (2%) above the current prime interest rate on the outstanding principal for the remainder of the loan unless the Department determines that failure was due to circumstances beyond the control of the business.
2. Any material misrepresentation in any application or misuse of loan funds for ineligible activities may be cause for rejection of an application or calling a MELF loan in default. In addition, the matter may be referred to the appropriate authorities for criminal investigation.
3. Borrowers may prepay a MELF loan at any time without financial penalty.
4. Upon reasonable request of MELF, the borrower shall permit duly authorized employees of the state to inspect the facility, books and records of the borrower.
5. MELF must receive evidence on an annual basis of Casualty & Comprehensive insurance for the life of the loan. Failure to do so may result in calling the MELF loan in default.

## **Section III – First Industries Program**

---

Agriculture and Tourism – two of Pennsylvania's largest industries – are longtime contributors to the state's economic health. Through the First Industries Program, low-interest loans are being made available to assist agriculture and tourism-related enterprises. Funds available under this section shall be administered in accordance with Sections I – II of these guidelines. Those instances where the First Industries Program requirements differ from the Machinery and Equipment Loan Fund Program requirements are identified below.

### **A. Eligible Enterprises**

To be eligible for First Industries funds, a for-profit business enterprise must be engaged in one of the following activities:

1. Production agriculture, which is the production of farm commodities or farming. Farm commodities include: agricultural, horticultural, aquacultural, vegetable, fruit and floricultural products as well as livestock and meats, wools, hides, furs, poultry and eggs, dairy products, nuts, mushrooms, honey products and forest products

2. Agribusiness (for example, food processing)
3. The sale of farm commodities at wholesale
4. The retail sale of farm commodities by urban and rural supermarkets located in underserved areas. Supermarkets are retail stores operated on a self-service basis, primarily selling groceries, produce, meat, baked goods and dairy products. Convenience stores do not qualify as supermarkets. Underserved area is defined as a low or moderate income census tract, an area of below average supermarket density or an area having a supermarket customer base with more than 50 percent living in a low-income census tract or other area demonstrated to have significant access limitations due to travel distance as determined by the Commonwealth Financing Authority.
5. Farmers' markets
6. Energy-related activities impacting production agriculture or agribusiness
7. Activities that implement best management practices related to agricultural waste, waste products and byproducts or fertilizer
8. Destination sites located in Pennsylvania, including but not limited to historic, heritage, cultural, sporting, amusement, nature, outdoor recreational or retail venues
9. Hospitality establishments, including lodging and restaurants, retail establishments, and outdoor activity-based businesses in close geographic proximity to a Pennsylvania destination site or part of the marketing effort that targets a Pennsylvania destination site
10. Businesses that develop and market travel packages for the purpose of bringing out-of-state visitors into Pennsylvania to enjoy attractions and stay in overnight, paid accommodations
11. Public/private partnerships formed to enhance or optimize the use of commonwealth-owned resources such as state-owned parks and state game lands.
12. Tourism-related activities or events that promote overnight visits in Pennsylvania

## **B. Application Evaluation**

In addition to DCED's standard evaluation of historical and financial performance to assess the ability of a business enterprise to repay a MELF loan, the application will receive priority consideration if it puts forth a project that demonstrates one or more of the following:

### **For tourism projects –**

- will demonstrate a significant economic impact to the state or the host municipality in which it will be located and will enhance the tourism industry within Pennsylvania
- will result in cost-effective and efficient marketing of regional assets related to tourism
- will promote a public/private partnership for the use of a state-owned resource
- will generate significant room night demand for overnight accommodations and will draw tourists from outside a 100-mile radius of the proposed site
- will define or interpret the heritage of neighborhoods, communities or regions of the state
- will capture the location character

- is ready to proceed
- will positively impact economic conditions in an economically distressed area of Pennsylvania
- will leverage significant local matching funds
- adheres to sound land use principles
- requires public financial assistance to move forward or to be competitive with similar projects in the region

**For agriculture projects –**

- will demonstrate a significant economic impact to the state or the host municipality in which it will be located and will enhance the agricultural industry within Pennsylvania
- describes impact of the project, if any, on prime farmland
- is ready to proceed
- will positively impact economic conditions in an economically distressed area of the state
- will leverage significant local matching funds
- demonstrates partnerships between private sector corporations and public sector and/or non-profit organizations
- adheres to sound land use principles
- requires public financial assistance to move forward or to be competitive with similar projects in the region
- is working in conjunction with other programs promoting urban and rural supermarket development, including, but not limited to, the Fresh Food Financing Initiative

**C. Interest Rate**

The interest rate will be fixed at the time of approval of the loan. Interest rates are subject to change based on market conditions. The current interest rate is posted on [www.newPA.com](http://www.newPA.com).

**D. Loan Size**

The maximum loan amount is \$500,000 or 50 percent of the total eligible project costs, whichever is less.

**E. Application Process**

Please refer to Section II - The MELF Application Process.