



Pennsylvania Capital Access Program (PennCAP) Fact Sheet

- *PennCAP* is a small business loan guarantee program based upon a portfolio concept.
- Borrowers apply for *PennCAP* loans **directly through** participating lending institutions.
- *PennCAP* is designed to help borrowers that don't quite meet the lending institution's normal small business lending requirements.
- A borrower **must** have a branch of a participating lending institution in their local area in order to receive a *PennCAP* loan through that lending institution.
- **All** loan terms, conditions and use of proceeds are negotiated directly with the participating lending institution.
- Borrowers should contact the following primary contacts at the participating lending institutions to discuss their eligibility for a *PennCAP* loan:

<u>LENDING INSTITUTION</u>	<u>CONTACT</u>	<u>PHONE</u>
Huntington Bank	Chad Paul	(614) 331-9445
Santander (formerly Sovereign Bank)	Jennifer Roykouff	(610) 526-6446
Enterprise Development Fund of Erie County (Erie and Surrounding Counties only)	Rebecca Wurst	(814) 899-6022
AgChoice Farm Credit (only agricultural projects)	Brad Cornelius Chief Credit Officer	(888) 836-4669, X6029



- **PennCAP is NOT a low interest loan program.**
- There is no minimum loan amount for a *PennCAP* loan.
- The maximum *PennCAP* loan amount is \$500,000.
- A one time *PennCAP* reserve enrollment fee is charged to borrowers at the close of the loan. This fee can be paid for with loan proceeds and can range anywhere from ½ of 1% - 3% of the loan amount.
- Most Pennsylvania businesses will qualify for a *PennCAP* loan. However, the proceeds of the loan cannot be used for the following:
 - * Passive real estate ownership;
 - * manufacture or sale of products used in illegal or illicit activities;
 - * operations which derive more than (40%) of its gross revenues from the manufacture, sale, or distribution of alcoholic beverages;
 - * operations which derive more than (25%) of its gross revenues from services related to the termination of pregnancy; materials, products or services;
 - * operations established for the manufacture, sale, or distribution of sexually oriented materials;
 - * operations of primarily religious oriented services or activities;
 - * operations of private clubs;
 - * operations of skyboxes or other private luxury boxes;
 - * operations of gambling facilities;
 - * operations of racetracks;
 - * operations of hot tub facilities or massage parlors;
 - * manufacture, distribution or sale of products or services which violate the clearly expressed public policies of the Commonwealth of Pennsylvania.
- Start-up businesses may be financed through *PennCAP*.
- All *PennCAP* borrowers should have copies of the following information available for

participating lending institution review: business plan; personal or business financial statements; tax returns; and resumes. Individual lending institutions will provide the borrower with a specific list of the documentation necessary to process the loan.

- Only 2 state forms are required to file a loan under *PennCAP*. Participating lending institutions have and will complete these forms on behalf of the borrower.
All other documentation is provided by the participating lending institution.
- **If you have any questions on *PennCAP* or wish to receive more information, please contact one of the participating lending institution representatives, or the *PennCAP* Program Manager, at (717) 783-1109.**

A lending institution with branch offices in Pennsylvania may become a *PennCAP* participating lender. **Please have such institutions contact the Center for Private Financing of the PA Department of Community and Economic Development for further details.**

Conditions

- The Borrower must be a corporation, partnership, joint venture, sole proprietorship, cooperative or other entity, whether profit or nonprofit, which is authorized to conduct business in the Commonwealth of Pennsylvania, and the proceeds of the Borrower's loan will be used for an endeavor within the Commonwealth of Pennsylvania in furtherance of the public purposes of the Pennsylvania Economic Development Financing Law.
- Purpose of *PennCAP* is to assist in providing access to financing for businesses that might not otherwise have access.
- Maximum principal amount of each loan with respect to any one Borrower, or group of Borrowers with Common Enterprise exists, is \$500,000 (or such greater maximum principal amount as PEDFA may approve in writing)
- Lender cannot make loan to replace, refinance or place under protection by *PennCAP* prior debt, which has not been covered under *PennCAP* and which is owned by Borrower to Lender or Affiliate

- Can enroll loan that is refinancing prior loan not enrolled under PennCAP if new financing extended as part of refinancing - amount covered is amount of new financing.
- The Borrower is not an executive officer, director or principal shareholder of the Lender, or a member of the immediate family of an executive officer, director or principal shareholder of the Lender, or a related interest of any such executive officer, director, principal shareholder or member of the immediate family.
- Ineligible Activities defined as Passive Real Estate Ownership and those activities listed on Exhibit 6. Passive Real Estate Ownership defined as ownership of real estate for purpose of deriving income from speculation, trade or rental - term does not include ownership of portion of real estate being used or intended to be used by a person in a Common Enterprise (as defined in Part 32 of Title 12 of CFR)