

The Pennsylvania Regional Center New American Development Fund

Program Guidelines | December 2009

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Section I – Program Purpose

Encouraging economic development and the creation of new jobs is one of the Commonwealth's highest priorities. Unfortunately, many worthy projects never get off the ground because they either cannot raise sufficient capital to fund their operations, or because their borrowing costs are high. The New American Development Fund (NADF) seeks to mitigate this problem by providing enterprises with the opportunity to obtain low-cost private financing to successfully grow their businesses and create jobs for Commonwealth workers within the state's federally-designated EB5 regional center.

Section II –The Federal EB5 Investor Program

Created by Congress in 1990 and used in numerous states around the country, the federal EB5 investor program grants eligible foreign investors the opportunity to obtain an EB5 visa if they commit to invest funds in job-producing development projects in the United States. Approximately 800 investors participated in this program nationwide in 2007. All investment projects and loan requests are subject to the requirements of the EB5 law and regulations.

The federal government has designated the following 43 counties as the Pennsylvania EB-5 regional center:

Erie, Warren, Crawford, Mercer, Venango, Forest, Clarion, Jefferson, Clearfield, Lawrence, Butler, Armstrong, Indiana, Cambria, Blair, Beaver, Allegheny, Westmoreland, Washington, Greene, Fayette, Somerset, Bedford, Fulton, Franklin, Cumberland, Adams, York, Lancaster, Chester, Delaware, Berks, Montgomery, Bucks, Schuylkill, Lehigh, Northampton, Luzerne, Carbon, Monroe, Lackawanna, Wayne, Pike.

Section III – Eligible Entities

Credit-worthy developers, businesses and other enterprises embarking upon job-creating projects located within the boundaries of Pennsylvania's federally-designated EB-5 regional center may be eligible to obtain an NADF loan. Such projects must generally be located in either a rural area or an area of high unemployment or economic distress.

Section IV – Eligible Expenses

NADF loans may be used to support the costs associated with new construction, the acquisition of plant, property and equipment, building rehabilitation, tenant improvements, and as working capital. The exact uses may vary from loan to loan, and all expenditures are subject to monitoring and approval by the Department of Community and Economic Development (DCED). NADF loans may not be used to support expenses unrelated to the project for which they have been designated.

Section V – Loan Terms

Approved developers may borrow up to \$500,000 for every 10 new direct or indirect jobs that they can demonstrate a project will create. Loans may range from \$1,000,000 or more. The amount of money that may be borrowed for any single project depends on investor interest and the number of new jobs that a project will create. Loans generally are issued for a term of 5 years, interest-only, with a balloon payment at the end of the term. Borrowers must be able to demonstrate that a project has created the projected number of jobs within 2 to 3 years from the date they receive a commitment letter.

The interest rate charged on each NADF loan is determined on a case-by-case basis, depending on the nature of the project, external financial market conditions, and the collateral posted by the borrower. Investment projects and loan requests must be approved by DCED and accepted by the program's private EB5 investors. Borrowers must consent to regular job creation and expenditure reporting and oversight.

All NADF borrowers must post collateral to secure an NADF loan; often a first lien position on a piece of real property or other asset will be required. The type of collateral that a prospective borrower must post will vary depending on the size of the loan and the specific circumstances of the borrower.

Section VI – Drawdown Restrictions

NADF borrowers can only draw down funds after DCED receives and approves documentation of project expenses. DCED retains discretion to deny disbursement requests for ineligible expenses. Parties that have questions about the types of expenses that may be reimbursable for a particular project should contact DCED either prior to submitting a request for an NADF loan or, if a loan has been issued, expending project funds.

Section VII – Loan Criteria

Applications will be evaluated on a variety of criteria, including the following:

- The borrower's demonstrated capacity to create the necessary jobs to support an NADF loan.
- The borrower's expertise and track record in its sector. This includes the credentials and backgrounds of its partners/management as well as its previous success within its industry segment.
- The collateral available to secure a loan and the borrower's capacity to repay.
- The borrower's capacity to satisfy the program's reporting and oversight requirements.

Section VIII – Program Administration

The NADF and Pennsylvania EB-5 regional center is administered by DCED. DCED operates the center in partnership with CanAm Enterprises, LLC. All investment projects and loan requests must be approved by DCED and accepted by the program's private EB-5 investors.

Section IX – Application Procedure

Parties interested in obtaining a NADF loan may begin the process by completing the form of Application at the back of these Guidelines. Program inquiries should be directed (and applications mailed) to:

Center for Private Financing
Department of Community & Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225
(717) 783-1109



NADF APPLICATION INFORMATION

COMMONWEALTH OF PENNSYLVANIA
Dept. of Community & Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

The Pennsylvania Regional Center New American Development Fund Borrower Questionnaire

BORROWER NAME:

BORROWER ADDRESS: (STREET, CITY, STATE, ZIP)

CONTACT PERSON:

TITLE:

E-MAIL ADDRESS:

PHONE:

FAX:

AMOUNT OF LOAN:

DESCRIPTION OF BORROWER: (PLEASE DESCRIBE THE BORROWER AND THE BORROWER'S BUSINESS)

WHEN WAS THE BUSINESS STARTED?

DESCRIBE THE HISTORY OF THE BUSINESS:

WHAT IS THE CURRENT TOTAL NUMBER OF EMPLOYEES?

WHAT ARE THE ANNUAL PROFITS AND LOSSES FOR THE PAST THREE YEARS?

20 _____ Profits: _____ Losses: _____

20 _____ Profits: _____ Losses: _____

20 _____ Profits: _____ Losses: _____

PLEASE ATTACH ANY RELEVANT MARKETING MATERIALS SUCH AS:

☐ Annual Report ☐ Brochures ☐ Audited Financial Statements

PURPOSE OF LOAN: (PLEASE DESCRIBE THE PROJECT TOWARDS WHICH THE PROPOSED LOAN WILL BE USED)

IF RELOCATION/PURCHASE OF PROPERTY AND EQUIPMENT, LEASEHOLD IMPROVEMENTS, ETC., PLEASE INCLUDE.

ADDRESS:

TOTAL SQUARE FOOTAGE:

START DATE:

END DATE:

PLEASE ATTACH ANY RELEVANT DOCUMENTATION SUCH AS:

PROJECT BUDGET (PLEASE LIST THE PROJECT BUDGET):

☐ Please attach the most recent detailed project budget.

Item	Amount
Pennsylvania Regional Center Loan	\$
	\$
	\$
	\$
	\$
TOTAL	\$

RIMS II Multiplier: _____ Total (# of new jobs X RIMS Multiplier): _____

Type of Collateral

Value

☐ Certified Appraisal(s) of properties offered as collateral

☐ Personal Financial Statements for any personal guarantors