



ECONOMIC DEVELOPMENT

## PIDC GROWTH LOAN PROGRAM

### BACKGROUND

The PIDC Growth Loan Program is generally available to any industrial or commercial enterprise located, or planning to locate, in Philadelphia. The program is intended to finance job-creating activities and is funded from a variety of federal and local sources. Prevailing wage requirements apply to this program.

### USES

- Property Acquisition
- Construction / Building Renovation
- Machinery and Equipment
- Environmental and Energy-related costs
- Soft Costs - legal, accounting, engineering, architectural fees, permits, appraisals and other related expenditures

### FINANCING

PIDC Staff evaluates and underwrites each transaction and utilizes the most appropriate funding sources, which can vary with market conditions.

**Loan Amount:** While individual loan commitments rarely exceed \$750,000, exceptional requirements can justify larger amounts. PIDC debt usually funds approximately 45% of project cost with a 10% minimum equity commitment.

**Term:** Loan terms are matched with amortization of related asset types;

- a) Property, Construction, Renovation – 15 year maximum term
- b) Machinery & Equipment – 7 year maximum term
- c) Furniture, Fixtures, Equipment – 5 year maximum term

**Interest Rate:** Individual transactional characteristics and market conditions will determine specific interest rates, which are typically below market and currently at 2.75%.

**Collateral:** All PIDC Growth loans are secured with fixed assets. Cash flow to support debt service must be demonstrated.

### TIMING AND PROCEDURE

Client submits a completed application to PIDC for staff review at least three weeks prior to the PIDC Board meeting at which the application is to be considered. The application is scheduled for review and consideration by the PIDC Loan Committee, the PIDC-LDC Board of Directors and the City Director of Commerce. Following application approval, PIDC– LDC issues a commitment letter to applicant. Settlement of the loan may occur once the terms of the commitment are satisfied.

### FEES

Fees will vary with each transaction and may include:

**Application:** \$500 nonrefundable fee, payable at time of application submission

**Origination:** 1.5% of the financing amount provided, payable upon the client's acceptance of PIDC's commitment letter.

**Settlement:** 1% of the financing amount, payable at settlement.

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