

Pennsylvania Department
of Community and
Economic Development

First Industries Agriculture Program

Program Guidelines

Commonwealth of Pennsylvania
Edward G. Rendell, Governor
www.state.pa.us

Commonwealth Financing Authority
Dennis Yablonsky, Chairman
www.newPA.com
www.inventPA.com

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DEPARTMENT OF COMMUNITY
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Section I – Introduction

A. Statement of Purpose

The First Industries - Agriculture Program (the “program”) provides grants, loans, and loan guarantees to nonprofit organizations and for-profit business enterprises to undertake projects relating to the promotion and development of agriculture 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 agriculture or agriculture-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 agriculture and agriculture-related projects.

B. Eligible Activities

Agriculture and agriculture-related projects include all of the following:

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 CFA.
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.

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, cooperative or partnership), or a non-profit organization, including an institution of higher education.

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 agriculture-related projects.

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 a DCED 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(s) 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, the impact, if any, on prime farmland, and the intended next steps following completion of the planning project.
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 demonstrable impact on the economy or well-being of the neighborhood, community or region where the project is located. This impact must be measurable and the methodology for measurement must be described.
2. The project will promote research and development efforts leading to increased commercialization or utilization of farm commodities.
3. The project will result in environmentally friendly or energy efficient operations related to agriculture, including activities authorized by the Agricultural By-Product Management Technology Act (Act 128 of 1994).

4. The project will result in cost-effective and efficient marketing of regional assets related to agriculture.
5. The project will result in a substantial increase in revenues for the state, the host municipality or the market region.

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

1. The project is ready to proceed.
2. The project will positively impact economic conditions in an economically distressed area of the Commonwealth.
3. The project will leverage significant local matching funds.
4. The project demonstrates partnerships between private sector corporations and public sector and/or non-profit organizations.
5. The project adheres to sound land use principles.
6. The project requires an investment of public funding to move forward or to be competitive with similar projects in the region.
7. 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.

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 Department of Agriculture.

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.

Section III – Loans

A. Eligible Applicants

For-profit businesses engaged in production agriculture, agribusiness or eligible agriculture-related activities under the program are eligible for loans under the Small Business First (“SBF”) program and the Machinery and Equipment Loan Fund (“MELF”) program.

B. Application Process

Both SBF and MELF are low-interest loan programs administered by DCED. For information on how to apply for loans under those programs, please consult the SBF and MELF program guidelines, the DCED websites, www.inventpa.com and 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 agriculture 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 agriculture, 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.

A project involving a farmer or business whose land is enrolled in a farmland preservation program or an Agricultural Security Area (ASA) or a project involving urban or rural supermarkets may receive a 1% reduction in the interest rate normally assessed for SBF and MELF loans, but the interest rate to be applied may not be less than 2%.

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, cooperative or partnership), or a non-profit organization that is engaged in agriculture-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.

B. Enrollment of Lending Institutions

A commercial lending institution is a federally chartered or state chartered bank, savings bank or savings and loan association 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 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 presently engaged in by the lending institution that involve agriculture or agriculture-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 – Agriculture Program
Commonwealth Financing Authority
Commonwealth Keystone Building
400 North Street, 4th 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 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 and the impact, if any, on prime farmland.

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 an agriculture or agriculture-related project and at least \$1,000,000 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 agricultural industry within the Commonwealth.
2. The project is ready to proceed.
3. The project will positively impact economic conditions in an economically distressed area of the Commonwealth.
4. The project will leverage significant local matching funds.
5. The project demonstrates partnerships between private sector corporations and public sector and/or non-profit organizations.
6. The project adheres to sound land use principles.
7. The project requires public financial assistance to move forward or to be competitive with similar projects in the region.
8. 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.

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 at any point in time, or \$2,500,000, 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 DCED Single Application for Assistance. Fifteen copies of the application must be submitted to DCED or the application may be submitted online by accessing www.esa.dced.pa.us. Fifteen copies of the supplemental information to the application either will need to be mailed to DCED if the application is submitted online or, if in electronic format, the supplemental information can be e-mailed to 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 – Agriculture 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 – Agriculture 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 – Agriculture Program
Commonwealth Financing Authority
Commonwealth Keystone Building
400 North Street, 4th 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

These guidelines can also be accessed online at www.newPA.com.

Appendix I – Supplemental Information for the Single Application for Assistance

First Industries Agriculture Planning Grants

In addition to completing the 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 impact, if any, on prime farmland; (f) the intended next steps following completion of the planning project; (g) an estimate of the cost of the predevelopment activities or feasibility studies prepared by a qualified professional; and (h) the amount of the planning grant sought.
- Exhibit 2:** Provide an additional 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) the promotion of research and development efforts leading to increased commercialization or utilization of farm commodities; (c) how the project will result in environmentally friendly or energy efficient operations related to agriculture, including activities authorized by the Agricultural By-Product Management Technology Act (Act 128 of 1994); (d) how the project will result in cost-effective and efficient marketing of regional assets related to agriculture; and/or (e) how the project will result in a substantial increase in revenues for the state, the host municipality or the market region.
- Exhibit 3:** Provide a 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 an investment of public funding 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.

First Industries Loans for Agriculture

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, 4th 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, 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: _____

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Small Business First

Program Guidelines

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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. Applicable EDA guidelines that differ from SBF's guidelines are included as a supplement to these 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 created or preserved within three years from completion of the project 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 lien 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

Effective February 1, 2005, the interest rate shall be an annual fixed rate of 3.25%. For loans to agricultural producers, interest rates may be reduced to 2% under certain circumstances if the area where the project is located has been included within a natural disaster declaration issued by the Governor. Contact DCED Small Business Financing Division for further details.

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.

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 DCED Single Application.
 - a. The Single Application may be completed online by accessing www.esa.dced.state.pa.us
 - b. The Single Application can also be download from the DCED web site at: www.inventpa.com. Type “Single Application” into the search field.
 - c. Copies of the Single Application kit may be obtained by contacting the DCED Customer Service Center at 1-800-379-7448 or 717-787-3405 or e-mailing: radcedcs@state.pa.us.
 - d. Applications may be submitted at any time.
 - e. 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 DCED’s Single Application for Financial 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 inquiries 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, 4th Floor
Commonwealth Keystone Building
Harrisburg, Pennsylvania 17120-0225
Phone: (717) 783-5046
Fax: (717) 787-9154
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

A project involving a farmer or business whose land is enrolled in a farmland preservation program or an Agricultural Security Area (ASA) or a project involving urban or rural supermarkets may receive a 1% reduction in the interest rate normally assessed for SBF loans, but the interest rate to be applied may not be less than 2%.

D. Application Forms

Applicants for First Industries SBF loans will use the DCED Single Application for Assistance. Fifteen copies of the application must be submitted to DCED or the application may be submitted online by accessing www.esa.dced.pa.us. Fifteen copies of the supplemental information to the application either will need to be mailed to DCED if the application is submitted online or, if in electronic format, the supplemental information can be e-mailed to 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.

Section X – Economic Development Administration

In addition, SBF has funds from the United States Economic Development Administration (EDA). The most recent EDA guidelines will apply to the loan. Those instances where the applicable EDA guidelines differ from SBF's guidelines are identified below.

A. Ineligible Activities

Projects are not eligible if they relate to any of the following activities:

1. Existing debt may not be refinanced unless there is sound economic justification and it is documented that EDA funds are not replacing private capital solely for the purpose of reducing the risk of loss to an existing lender or to lower the cost of borrowing for the applicant.
2. Loans may not be made for the purpose of investing in interest bearing accounts, certificates of deposit or other investments not related to the objectives of the EDA funds.
3. Loans may not be used to:
 - a. Acquire an equity position in a private business.
 - b. Subsidize interest payments on an existing loan.
 - c. Provide the equity contribution required of applicants under other federal programs.
 - d. Enable the applicant to acquire an interest in a business, either through purchase of stock or assets, unless sufficiently justified.
4. An applicant may not relocate from one area of the Commonwealth to another. There is no exception to the relocation prohibition. Additionally, the loan must be repaid if the applicant subsequently relocates a project to another labor market.

B. Other Required Investment

Loans will 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; up to 80% of the total project cost may be funded in defense-related projects. For defense-related projects, 10% of the project cost must be in the form of cash equity and other sources must be private sources of financing. Bank loans guaranteed by the United States Small Business Administration are not considered private sources for purposes of this requirement.

Section XI – EDA Application Process

A. Single Application Instructions

1. Applicants should refer to Section II, A. Single Application Instructions.
2. Complete pages 1 thru 6 of the Single Application and attach the following items:
 - 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. Signed bids/quotations, contractor estimates, sales agreements, or engineers estimates that verify project cost estimates. Bids must be current and dated.
 - f. Funding commitment letters from all other project funding sources (including equity commitments). Letters should include the applicable term, rate, and collateral conditions, and must be signed and dated.
 - g. Financial statements of the company and any other proposed guarantors, if any, for the last three years of operation and one year projected financial statements. Financial statements should include balance sheets, income statements, cash flow statements, and notes to the financial statements. Start-up companies must provide three years projected financial statements.
 - h. Signed and dated personal financial statements of any principal(s) having ownership of 20% or greater. The personal financial statements should not be more than 6 months old and must be signed and dated. An independent certified public accountant may prepare personal financial statements or the individuals themselves by using standard forms available from most banks.
 - i. Ownership breakdown of the occupant of the facility and the owner of the real estate. List names, percent of ownership, Federal Employer Identification Number (FEIN) and social security numbers.
 - j. A certified resolution of the ALO's board of directors approving the loan application and a copy of the loan summary submitted to the ALO's loan review committee or board.
 - k. Submit a completed draft of the SBF three-party commitment letter.
3. For projects involving construction or acquisition of a facility by a business, the following information must be provided:
- a. One appraisal or appraisal brief prepared by a Pennsylvania State Certified Appraiser. The appraisals must be no more than 6 months old.
 - b. A copy of the executed sales agreement.
 - c. An Environmental Phase I Audit as necessary.
 - d. Indication of the acreage and size of the facility and/or the size of the expansion to be funded.

B. Application Submission and Approval Procedure

Applicants should refer to Section II, B. Application Submission and Approval Procedure, except for the following items.

1. DCED will formally notify the ALO of its decision to approve or reject a loan application within 30 days of receipt of the completed loan application.
2. Approved projects will receive a loan commitment letter which the ALO and the applicant must sign and return within 30 days. Once accepted by the ALO and the applicant, the commitment letter is valid for 90 days. An extension will not be approved until DCED has received an accepted commitment, or until any changes to the commitment have been approved by DCED.
3. Before DCED will authorize disbursement of loan funds, the ALO and the applicant will execute and deliver loan documents required by and in substantially the form approved by DCED.

Appendix I – Economic Development Administration (EDA)

Type	Sudden-Severe Economic Distressed (SSED)	Long-Term Economic Development (LTED)	Pennsylvania Industrial Conversion Fund (PICF)
Interest Rate	5%, or 4% below prime, whichever is higher.	5%, or 4% below prime, whichever is higher.	4%, or 4% below prime, whichever is higher.
Maximum Loan Amount	\$200,000 or 50% of the total project cost, whichever is less (1/1) private sector match	\$200,000 or 50% of the total project cost, whichever is less (1/1) private sector match	\$200,000 or 80% of the total project cost, whichever is less (1/4) private sector match
Uses and Terms	L & B - 10 years M & E - 5 years W C - 3 years	L & B - 10 years M & E - 5 years W C - 3 years	L & B - 10 years M & E - 5 years W C - 3 years
Size of Business	No Limit	No Limit	No Limit
Final Approval	DCED	DCED	DCED
Special Requirements	Hire Displaced Workers	Advanced Technology or International Export Service	Defense-Related
Eligible Businesses	Manufacturing and industrial firms that meet the special requirements listed above.	Manufacturing and industrial firms that meet the special requirements listed above.	Manufacturing and industrial firms that meet the special requirements listed above.
Cost/Job Ratio	Create or retain one job for every \$25,000 loaned	Create or retain one job for every \$25,000 loaned	Create or retain one job for every \$25,000 loaned
Collateral Security	Same as SBF's Guidelines	Same as SBF's Guidelines	Same as SBF's Guidelines
Eligible Counties	60 (See reverse side)	54 (See reverse side)	67 (See reverse side)

Notes

1. Amendment to EDA-SSED Contract #01-19-02450 on March 16, 1987.
2. Construction and renovation cost greater than \$2,000 must meet Davis-Bacon Act requirements in all Federal programs.
3. Bank financing which uses SBA guaranteed funds can not be used as a match source of funds.

Economic Development Administration (EDA)

County	Sudden-Severe Economic Distressed (SSED)	Long-Term Economic Development (LTED)	Pennsylvania Industrial Conversion Fund (PICF)
Adams	[x]	[x]	[x]
Allegheny	[x]	[x]	[x]
Armstrong	[x]	[x]	[x]
Beaver	[x]	[x]	[x]
Bedford	[x]	[x]	[x]
Berks	[x]		[x]
Blair	[x]	[x]	[x]
Bradford		[x]	[x]
Bucks	[x]	[x]	[x]
Butler	[x]	[x]	[x]
Cambria	[x]	[x]	[x]
Cameron	[x]	[x]	[x]
Carbon	[x]	[x]	[x]
Centre	[x]		[x]
Chester	[x]		[x]
Clarion	[x]	[x]	[x]
Clearfield	[x]	[x]	[x]
Clinton	[x]	[x]	[x]
Columbia	[x]	[x]	[x]
Crawford	[x]	[x]	[x]
Cumberland	[x]		[x]
Dauphin	[x]		[x]
Delaware	[x]		[x]
Elk	[x]	[x]	[x]
Erie	[x]	[x]	[x]
Fayette	[x]	[x]	[x]
Forest	[x]	[x]	[x]
Franklin	[x]	[x]	[x]
Fulton	[x]	[x]	[x]
Greene	[x]	[x]	[x]
Huntingdon	[x]	[x]	[x]
Indiana	[x]		[x]
Jefferson	[x]	[x]	[x]
Juniata	[x]	[x]	[x]
Lackawanna	[x]	[x]	[x]
Lancaster	[x]		[x]
Lawrence	[x]	[x]	[x]
Lebanon	[x]		[x]
Lehigh	[x]	[x]	[x]
Luzerne	[x]	[x]	[x]
Lycoming	[x]	[x]	[x]
McKean	[x]	[x]	[x]
Mercer	[x]	[x]	[x]
Mifflin	[x]	[x]	[x]
Monroe	[x]	[x]	[x]
Montgomery	[x]		[x]
Montour	[x]	[x]	[x]
Northampton	[x]	[x]	[x]
Northumberland	[x]	[x]	[x]
Perry	[x]		[x]
Philadelphia	[x]	[x]	[x]
Pike			[x]
Potter	[x]	[x]	[x]
Schuylkill	[x]	[x]	[x]
Snyder			[x]
Somerset	[x]	[x]	[x]
Sullivan		[x]	[x]
Susquehanna	[x]	[x]	[x]
Tioga		[x]	[x]
Union	[x]	[x]	[x]
Venango	[x]	[x]	[x]
Warren		[x]	[x]
Washington	[x]	[x]	[x]
Wayne		[x]	[x]
Westmoreland	[x]	[x]	[x]
Wyoming	[x]	[x]	[x]
York	[x]	[x]	[x]

Note: LTED also includes the cities of Allentown, Altoona, Erie, Lancaster, Philadelphia, Pittsburgh, Reading, Scranton, and Wilkes-Barre; the townships of Bristol and Upper Darby; and the Chester special impact area. PICF also includes the city of Philadelphia.

Appendix II – 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.

Adams County Economic Development Corporation (ACEDC)

Steve Renner, President
1300 ProLine Place
Gettysburg, PA 17325-2506
717-334-0042 Fx-717-337-1628
E-mail: srenner@acedc.org

Bucks County Economic Development Corporation (BCEDC)

Robert F. Cormack, Executive Director
David E. Light
2 East Court Street
Doylestown, PA 18901
215-348-9031 Fx-215-348-8829
E-mail: rfc@bcedc.com
del@bcedc.com

Capital Region Economic Development Corporation (CREDC)

David E. Black, President & CEO
Linda Goldstein, VP/COO
(Dauphin and Cumberland)
3211 North Front Street, Suite 201
Harrisburg, PA 17110
717-232-4099 Fx-717-232-5184
E-mail: paul@hbgrc.org

Chester County Economic Development Council (CCDC)

Gary W. Smith, Executive Director
Missy Myers, Jay Lowden
737 Constitution Drive
Exton, PA 19341
610-458-5700 Fx-610-458-7770
E-mail: gsmith@cceconomicdevelopment.com
jl@cceconomicdevelopment.com

Delaware County Economic Development Oversight Board (DCEDOB)

J. Patrick Killian, Commerce Director
Dolores DiSciullo
200 East State Street Ste 205
Media, PA 19063
610-566-2225 Fx-610-566-7337
E-mail: jpk@delcopa.org
dee@delcopa.org

EDC Finance Corporation (EDCFC)

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
E-mail: biemiller@edclancaster.com

Franklin County Area Development Corporation (FCADC)

L. Michael Ross, President
Judy Evans
1900 Wayne Road
Chambersburg, PA 17201
717-263-8282 Fx-717-263-0662
E-mail: jevans@fcadc.com
mike@fcadc.com

Greater Berks Development Fund (GBDF)

Edward J. Swoyer, Jr. President
Chris Witmer
19 North 6th Street, Suite 200 2nd Flr.
P.O. Box 8621
Reading, PA 19603-8621
610-376-6739 Fx-610-478-9553
E-mail: eswoyer@readingpa.com
cwitmer@readingpa.com

Johnstown Industrial Development Corp. (JIDC)

Michelle Clapper, Director
(Armstrong, Cambria, Fayette, Greene, Indiana,
Somerset, Washington & Westmoreland)
111 Market Street
Johnstown, PA 15901
814-535-8675 Fx-814-535-8677
E-mail: mclapper@jari.com

Lebanon Valley Economic Development Corporation (LVEDC)

Robert McNary, President
600 South 5th Avenue/P.O. Box 52
Lebanon, PA 17042
717-274-3180 Fx-717-274-1367
E-mail: bmcnary@lvedc.org

Lehigh's Economic Advancement Project, Inc (LEAP)

Louis Kerschner, Jr., President
Janet Smith, Erin Radesky
2158 Avenue "C" Suite 200
Bethlehem, PA 18017
610-266-6775 Fx-610-266-7623
E-mail: jsmith@lehighvalley.org

Montgomery County Development Corporation (MCDC)

Gerald J. Birkelbach, Executive Director
John Elias
1430 DeKalb Street
P.O. Box 311
Norristown, PA 19404-0311
610-278-5950 Fx-610-278-5944
E-mail: gbirkelb@mail.montcopa.org
jelias@mail.montcopa.org

North Central Pennsylvania Regional Planning & Development Commission (NCPRPDC)

Ronald W. Kuleck, Executive Director
Pat Brennen
(Cameron, Clearfield, Elk, Jefferson, McKean
and Potter)
651 Montmorenci Avenue
Ridgway, PA 15853
814-773-3162 Fx-814-772-7045
E-mail: rkuleck@ncentral.com
pbrennen@ncentral.com

EDC of Northeastern Pennsylvania (NEPA)

Cameron Moore, President/CEO
Tom Pellegrini, John Wozniak, Dave Nat
(Carbon, Lackawanna, Luzerne, Monroe,
Pike, Schuylkill and Wayne)
1151 Oak Street
Pittston, PA 18640-3795
570-655-5581 Fx-570-654-5137
E-mail: cmoore@nepa-alliance.org
johnwoz@nepa-alliance.org

Northampton County New Jobs Corp. (NCNJC)

J. Lee Boucher, President
Janet R. Smith, VP Finance
Erin Radesky
2158 Avenue "C" Suite 200
Bethlehem, PA 18017
610-266-6775 Fx-610-266-7623
E-mail: jsmith@lehighvalley.org

Northern Tier Regional Planning & Development Commission (NTRPDC)

Kevin D. Abrams, Executive Director
Kim Barnes, Paulette Potter
(Bradford, Sullivan, Susquehanna, Tioga
and Wyoming)
312 Main Street
Towanda, PA 18848
570-265-9103 Fx-570-265-7585
E-mail: abrams@northerntier.org
potter@northerntier.org

Northwest Pennsylvania Regional Planning & Development Commission (NWPRPDC)

Jack Allston, CEcD, FM, Executive Director
Edwin Goucher, Ethel Rodebaugh, Daryl Coyne
(Erie, Warren, Crawford, Mercer, Lawrence,
Venango, Forest and Clarion)
395 Seneca Street
Oil City, PA 16301
814-677-4800 Fx-814-677-7663
E-mail: jacka@nwcommission.org
darylc@nwcommission.org

Philadelphia Commercial Development Corporation (PCDC)

Curtis Jones, Jr., President/CEO
John Lenahan, Rick Dean
1315 Walnut Street, Suite 600
Philadelphia, PA 19107-4706
215-790-2200 Fx-215-790-2222
E-mail: curtis.jones@pcdc1.com

PIDC-Local Development Corporation (PIDC-LDC)

Peter S. Longstreth, President
Joe Aylmer, Jim Pawlikowski, Joan Dougherty
2600 Centre Square West
1500 Market Street
Philadelphia, PA 19102-2126
215-496-8020 Fx-215-977-9618
E-mail: plongstreth@pidc-pa.org
joand@pidc-pa.org

The Progress Fund (TFP)

David Kahley, Executive Director
Brian Skwirut, Development Officer
(31 Rural Counties)
200 Main Street, 2nd Floor
Dawson, PA 15428
724-529-0384 Fx- 724-529-0386
E-mail: dkahley@progressfund.org
bskwirut@progressfund.org

SEDA-Council of Governments (SEDA-COG)

Dennis E. Robinson, Executive Director
Jim McClure, Tom Rall, John Reichard
(Centre, Clinton, Columbia, Juniata, Lycoming,
Mifflin, Northumberland, Montour, Perry, Snyder
and Union)
201 Furnace Road (Timberhaven)
Lewisburg, PA 17837
570-524-4491 Fx-570-524-9190
E-mail: bmeckley@seda-cog.org
jmclure@seda-cog.org

Small Enterprise Development Company (SEDCO)

Darrell W. Auterson, President/CEO
Kenetha Hansen
144 Roosevelt Avenue Suite 100
York, PA 17404
717-846-8879 Fx-717-843-8837
Email: khansen@ycedc.org

Southern Alleghenies Planning & Development Commission (SAPDC)

Edward M. Silveti, Executive Director
Tracey A. Dennis, Kathleen Wells,
Theresa Brumbaugh
(Bedford, Blair, Cambria, Fulton, Somerset
and Huntingdon)
541-58th Street
Altoona, PA 16602-1193
814-949-6500 Fx-814-949-6505
E-mail: silveti@sapdc.org
brumbaugh@sapdc.org
dennis@sapdc.org

Southwestern Pennsylvania Corporation (SPC)

James Hassinger, PHD, President/CEO
Donna Costantino, Sarah Francis
(Allegheny, Armstrong, Beaver, Butler, Fayette,
Greene, Indiana, Washington and Westmoreland)
Regional Enterprise Tower
425 Sixth Avenue, Suite 2500
Pittsburgh, PA 15219-1819
412-391-5590 Fx-412-391-9160
E-mail: jhassinger@spc9.org
dcostantino@spc9.org

Pennsylvania Department
of Community and
Economic Development

Machinery and Equipment Loan Fund

Program Guidelines

Commonwealth of Pennsylvania
Edward G. Rendell, Governor
www.state.pa.us

Department of Community and Economic Development
Dennis Yablonsky, Secretary
www.newPA.com
www.inventPA.com

December 2004

pennsylvania
DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT



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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 Commonwealth. MELF may be used in conjunction with other state financing programs or with programs operated by local or regional economic development providers.

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 must also 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 (including industrial processing and warehouse and terminal operations), agricultural processing, agricultural production or direct mining operations.
- c. 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. 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, fruit, vegetables and shrubs), and aquacultural crops including fish and plants grown in water. The enterprise must be:
 - (1) not less than 10 contiguous acres in area, or
 - (2) less than 10 contiguous acres in area, but with an anticipated yearly gross income of at least \$10,000.

2. Eligible Activities

- a. MELF financing is available to eligible businesses that are acquiring and installing new or used machinery and equipment that is directly related to the manufacturing, industrial, agricultural or mining 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 manufacturing, industrial, agricultural or mining 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, or through a 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 purchase for fair market value of machinery and equipment currently in possession of an applicant, pursuant to the exercise of a purchase option under a lease or similar instrument, may also be eligible.

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 a borrower. 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 a borrower 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 a borrower'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 borrower and its principals may not be delinquent or in default of any existing private or public loan relating to the borrower, 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 a borrower is any record or beneficial owner of 20% or more of an ownership interest in the borrower.
- b. **Taxes Current.** The borrower 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 borrower 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. Businesses engaged in service, mercantile, commercial or retail operations and personal and professional service entities are not eligible for funding under the MELF program.
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 borrower 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**
 - a. The maximum loan amount is \$500,000 or 50% 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% of eligible project costs.
 - c. Matching lending sources with a first or shared first lien position with MELF must have either equivalent or longer terms than the MELF loan.
3. **Interest Rate** – 3.25%
4. **Terms**
- a. Up to seven (7) 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 a 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.
 - 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. Except loans to agricultural producers, for each \$25,000 of loan proceeds, the Department requires that at least one full-time job 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, a company may request, in writing, a non-prejudicial letter from the Department receiving permission for the company to install and operate equipment prior to approval of the MELF loan.
9. **Aggregate Limits on MELF Financing**
- a. A borrower may not be approved for more than \$500,000 in financing under the MELF program in any twelve-month period.

Section II – The Application Process

A. Letter of Intent

1. As a prerequisite to an application for a loan, interested businesses must first submit a letter of intent (LOI) outlining a general description of their project and a wage rate survey/fringe benefit analysis (WRS/FBA) to the Department. The LOI and WRS/FBA forms can be found at the end of these guidelines.
2. The Department reviews each complete letter of intent within fifteen (15) 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.
3. The Department considers the following criteria when evaluating an LOI:
 - a. job creation and retention;
 - b. job quality;
 - c. geographic impact of the project;
 - d. impact on state competitiveness;
 - e. investment leveraging;
 - f. and increase in productivity.

B. Application Form

1. Following its review of an LOI, the Department notifies the business of its determination in writing.
2. If approved, the Department invites the business to apply for a MELF loan and forwards the business a Single Application along with instructions for completing the application and submitting it to the Department for processing.

C. Procedures for Accessing Funds

1. Upon approval of a MELF loan, a commitment letter is mailed to the business outlining the terms and conditions of the loan, and the name of the attorney in the Departments legal office who will coordinate and schedule a loan closing.
2. The commitment letter must be executed and returned within 30 days of receipt accompanied by a non-refundable commitment fee (equal to 1% of the MELF loan amount). A commitment letter is valid for one year but may be extended upon the approval of the Department.
3. Any material changes in the application, collateral or terms must be reviewed and approved by MELF.
4. 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.
5. Interest is charged to the applicant from the date of the MELF check.

6. Full loan amortization begins as specified in the closing documents.
7. The borrower is responsible for all costs of closing. This includes costs of perfecting the lien on the collateral.

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 Commonwealth to inspect the facility, books and records of the borrower.

E. Contact Information

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

Phone: (717) 787-6245

Fax: (717) 772-2890

E-mail: ra-dcedloans@state.pa.us

Section III – First Industries Program

Agriculture, one of Pennsylvania's largest industries, is a longtime contributor to the Commonwealth's economic health. Through the First Industries Program, low-interest loans are being made available to assist agriculture 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; 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 CFA.
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.

B. Application Evaluation

In addition to DCED's standard evaluation of the historical and financial performance to assess the ability of a business enterprise to repay the MELF loan, the application 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 agricultural industry within the Commonwealth. Preference will be given to projects which will have a state-wide impact on the industry.
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 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.

C. Interest Rate

A project involving a farmer or business whose land is enrolled in a farmland preservation program or an Agricultural Security Area (ASA) or a project involving urban or rural supermarkets may receive a 1% reduction in the interest rate normally assessed for MELF loans, but the interest rate to be applied may not be less than 2%.

D. Application Forms

Applicants for First Industries MELF loans will use the DCED Single Application for Assistance. Fifteen copies of the application must be submitted to DCED or the application may be submitted online by accessing www.esa.dced.pa.us. Fifteen copies of the supplemental information to the application either will need to be mailed to DCED if the application is submitted online or, if in electronic format, the supplemental information can be e-mailed to 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.

**MACHINERY & EQUIPMENT LOAN FUND (MELF)
LETTER OF INTENT (LOI)**

As a prerequisite to an application for a MELF loan, this LOI form must be completed by **THE PRIVATE, FOR-PROFIT BUSINESS** and submitted to the Center for Business Financing - Loans Division, Department of Community and Economic Development (DCED), Commonwealth Keystone Building, 400 North Street, 4th Floor, Harrisburg, PA 17120-0225. This form must be signed by the Chief Executive Officer or any other company officer authorized to sign.

COMPANY NAME & MAILING ADDRESS

BENEFICIAL OWNER & MAILING ADDRESS

FEIN #: _____
SIC #: _____
Contact: _____
Phone: _____
FAX: _____

FEIN #: _____
SIC #: _____
Contact: _____
Phone: _____
FAX: _____

Machinery and Equipment Costs Only:

- 1. MELF Funds Requested \$ _____
- 2. Bank Funds \$ _____
- 3. Other Funds \$ _____
- 4. Total Project Cost \$ _____

5. PROVIDE PLANNING DATES

- Equipment to be ordered _____
- Expected delivery date _____
- Installation completed by _____
- Upgrade completed by _____

6. Identify the source(s) of Bank and Other Financing to complete the project.

_____ \$ _____
 _____ \$ _____
 _____ \$ _____

7.

# of Jobs	At Project Site (include jobs to be transferred)	In PA (including project site)	Worldwide (including PA)
Existing Full-Time			
FT Jobs to be Created			
FT Jobs to be Retained			

**8. Average salary of jobs created/retained, and percent of employee benefits based on that salary:
EXAMPLE: \$20,000 + 20%.**

DESCRIPTION OF BUSINESS (If additional space is needed, provide on separate sheet and attach)

HISTORY:

PRODUCT:

9. Describe anticipated productivity increase as a result of the financing. (If additional space is needed, provide on separate sheet and attach)

10. Describe the machinery or equipment. (If additional space is needed, provide on separate sheet and attach)

11. Exact **SITE ADDRESS** where machinery or equipment will be located (include municipality, township or borough and county).

12. Will project be located in any of the following: (check appropriate box or boxes)

- | | | |
|---|---|---|
| <input type="checkbox"/> Designated Enterprise Zone | <input type="checkbox"/> Planning Stage Enterprise Zone | <input type="checkbox"/> Federal Empowerment Zone |
| <input type="checkbox"/> Keystone Opportunity Zone | <input type="checkbox"/> Federal Enterprise Community | <input type="checkbox"/> Brownfield |
| <input type="checkbox"/> Financially Distressed Municipality under Act 47 | | |

13. Does Company export outside of U.S.A.? Yes No If yes, list percentage (%):

14. Is the Company presently working with any individual or program at DCED?
If so, state name and DCED office:

Name of Company:

Signature and Title

Date:

**WAGE RATE SURVEY
FRINGE BENEFIT ANALYSIS**

<u>DESCRIPTION</u>	<u>EXISTING</u>	<u>3RD YEAR</u>
Total Annual Payroll (For All Full Time Employees – Do Not Include Benefits)	_____	_____
 Fringe or Voluntary Costs for the Year Paid by the Company excluding Social Security, Workers' Compensation and Unemployment Compensation (For All Full Time Employees):		
Group Life Insurance	\$ _____	\$ _____
Profit Sharing Contribution	_____	_____
Sick Days	_____	_____
Medical/Dental Insurance	_____	_____
Rest Periods	_____	_____
Holidays	_____	_____
Retirement Plan Contributions	_____	_____
Vacation	_____	_____
Bonus Payouts	_____	_____
Child Care	_____	_____
Other Fringe Costs (Safety Shoes, Education, Bereavement, etc.)	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total Fringe or Voluntary Costs:	\$ _____	\$ _____
% Benefit:	_____ %	_____ %
(Total Fringe Or Voluntary Costs/Total Annual Payroll)		

Company Name: _____

Pennsylvania Department
of Community and
Economic Development

Single Application for Assistance

On-line at: www.inventpa.com

Commonwealth of Pennsylvania
Edward G. Rendell, Governor
www.state.pa.us

Department of Community and Economic Development
Dennis Yablonsky, Secretary
www.inventpa.com

June 2003

pennsylvania
DEPARTMENT OF COMMUNITY
& ECONOMIC DEVELOPMENT



INTRODUCTION

The Department of Community and Economic Development is pleased to introduce the Single Application for Assistance. The idea is simple. Through one form, applicants can apply for financial assistance from the Department's various funding sources. This approach to economic and community development features effective service and personal attention to the needs of our customers. It also reduces duplicative paperwork, facilitates the coordination of Department resources and allows our customers and department personnel to devote resources to what is important – creating jobs and building strong communities.

DCED encourages you to visit our web site and submit your Single Application for Assistance via on-line submission at:

www.inventpa.com

Select “Single Application” from the “Find Specific Initiatives and Programs.”

Instructions for Page 1, Single Application for Assistance

I. PROFILES

Complete **only the applicable information** for the Applicant/Sponsor, Company/Occupant, and Beneficial/Owner sections for your project.

Applicant/Sponsor – Eligible entity completing and submitting the application. Applicant can be a business or corporation, non-profit organization, municipality, industrial authority, local development district, local government or licensed education agency. Depending on the type of project and potential funding source, an applicant/sponsor may be submitting the application on behalf of a company or occupant. Indicate the corporate structure of the applicant by selecting one of the following: For-profit corporation, Non-profit corporation, Government, Partnership or Sole Proprietorship.

Business Specifics – Complete this section if there is a business involved in this project. On a separate sheet of paper, enter every additional FEIN used by the company and its affiliates to do business at the project site(s) specified on this application.

Company/Occupant – If the eligible company/occupant occupying the project site is different from the above listed applicant, complete the appropriate information for the company/occupant.

Beneficial Owner/Developer – In some projects there may be three entities involved: 1) applicant/sponsor, eligible entity that is submitting a single application to DCED, 2) company/occupant, entity seeking financial assistance to create or retain existing jobs, 3) beneficial owner/developer, entity that owns the assets to be financed.

Definitions of information requested –

Name – name of entity

CEO – Corporate Executive Officer for the entity

FEIN – Federal Employer Identification Number (9 digits)

NAICS Code – North American Industry Classification System Code

E-mail – electronic mail address

Contact name – person who prepared the application.

PA Revenue Tax Box Number – corporate (for-profit) tax number to conduct business in Pennsylvania

UC# – Unemployment Compensation Number

Current # of Full-time Employees

- in Pennsylvania

- Worldwide

Minority owned – Minority owned company

Woman owned – Woman owned company

Total Sales \$ – Total gross sales last year

Total Export Sales \$ – Total gross export sales last year (outside US)

R&D Investment (% of budget) – % of eligible company's revenue targeted for research & development last year

Employee Training Investment (% of budget) – % of eligible company's revenue targeted for employee training last year

Application Number

--

PA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

Single Application for Assistance

I. PROFILES

Applicant/Sponsor			
Name:		CEO:	
CEO Title:		Address:	
City:		State:	
Zip:		FEIN:	
NAICS Code:		<input type="checkbox"/> For-Profit Corporation <input type="checkbox"/> Non-Profit Corporation	
Contact Name:		<input type="checkbox"/> Government <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietorship	
Title:		Phone:	
Fax:		PA Revenue Tax Box #:	
E-mail:		Internet Access:	<input type="checkbox"/> Yes <input type="checkbox"/> No

Business Specifics			
Current # of Full-time Employees:	Pennsylvania _____	Worldwide _____	
Minority Owned:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Woman Owned:	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> C Corporation <input type="checkbox"/> Limited Liability Corp <input type="checkbox"/> Limited Liability Partnership			
Total Sales \$		R&D Investment (% of budget)	
Total Export Sales \$		Employee Trng. Investment (% of budget)	

Company/Occupant			
Name:		CEO:	
CEO Title:		Address:	
City:		State:	
Zip:		FEIN:	
NAICS Code:		UC#	
Contact Name:		Title:	
Phone:		Fax:	
E-mail:		Internet Access:	<input type="checkbox"/> Yes <input type="checkbox"/> No

Beneficial Owner/Developer			
Name:		Address:	
City:		State:	
Zip:		FEIN:	

Instructions for Page 2, Single Application for Assistance

II. PROJECT SITE LOCATION (S)

Provide the actual address of the project site(s). In addition, include the county, municipality, Pennsylvania House and Senate District numbers, and the U. S. Congressional District number for each project site.

If the project involves the creation of new jobs or the retention of existing jobs within Pennsylvania, provide the following:

- Current number of full-time jobs at project site
- Number of full-time jobs to be created at project site.

Indicate if the project site is located in one or more of the following designated areas:

- DCED or Federal Enterprise Zone
- Brownfield Area
- Act 47 Distressed Community
- Keystone Opportunity Zone
- Prime Agricultural area
- Uses a PA Port for commerce

If this project involves more than one site, please provide the requested information for each site on an additional sheet of paper.

III. PROJECT INFORMATION

If you contacted a DCED representative to discuss funding for this project, indicate the name of the person(s) you have been working with. Providing this information will ensure smoother processing of your application.

Please indicate if you are applying for a specific funding source. If not, DCED will match your request with the source(s) it feels will best meet the needs of your project.

Provide a short project description/name.

If this project is related to a previously submitted project, please provide the project's name or contract number, if available.

IV. TYPE OF ENTERPRISE

Indicate the type of enterprise that will benefit from the requested financial assistance from DCED. If you are submitting on behalf of another entity, select the type of enterprise that best describes that entity (not your entity).

II. PROJECT SITE LOCATION(S)

Site One:			
Address:		City:	
State:		Zip:	
County:		Municipality:	
PA House #:		PA Senate #:	
US Congressional #:			
Current # of Full-Time Employees at this Site:			
# of Full-Time Jobs to be Created at this Site:			
<input type="checkbox"/> Enterprise Zone <input type="checkbox"/> Brownfield <input type="checkbox"/> Act 47 Distressed Community <input type="checkbox"/> Keystone Opportunity Zone <input type="checkbox"/> Prime Agricultural Area <input type="checkbox"/> Uses PA Port			

III. PROJECT INFORMATION

Have you contacted anyone at DCED/GAT about your project? yes no. If yes, indicate who.

Are you interested in a specific funding source? If so, indicate: _____

Project Name/Description (max. 60 characters) _____

Is this project related to another previously submitted project? yes no

If yes, indicate previous project name: _____

IV. TYPE OF ENTERPRISE (Check appropriate box or boxes)

<input type="checkbox"/> Advanced Technology	<input type="checkbox"/> Economic Dev. Provider	<input type="checkbox"/> Mining
<input type="checkbox"/> Agri-Processor	<input type="checkbox"/> Educational Facility	<input type="checkbox"/> Other (specify)
<input type="checkbox"/> Agri-Producer	<input type="checkbox"/> Emergency Responder	<input type="checkbox"/> Professional Services
<input type="checkbox"/> Authority	<input type="checkbox"/> Exempt Facility	<input type="checkbox"/> Recycling
<input type="checkbox"/> Biotechnology / Life Sciences	<input type="checkbox"/> Export Manufacturing	<input type="checkbox"/> Reg. & Nat. Headquarters
<input type="checkbox"/> Business Financial Services	<input type="checkbox"/> Export Service	<input type="checkbox"/> Research & Development
<input type="checkbox"/> Call Center	<input type="checkbox"/> Food Processing	<input type="checkbox"/> Retail
<input type="checkbox"/> Child Care Center	<input type="checkbox"/> Government	<input type="checkbox"/> Social Services Provider
<input type="checkbox"/> Commercial	<input type="checkbox"/> Healthcare	<input type="checkbox"/> Tourism Promotion
<input type="checkbox"/> Community Dev. Provider	<input type="checkbox"/> Hospitality	<input type="checkbox"/> Warehouse & Terminal
<input type="checkbox"/> Computer & Clerical Operators	<input type="checkbox"/> Industrial	
<input type="checkbox"/> Defense Related	<input type="checkbox"/> Manufacturing	

Please fill in when "Other" is specified.

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Instructions for Pages 3, 4, 5, Single Application for Assistance

V. FINANCIAL ASSISTANCE

Choose category of DCED financial assistance that this project is requesting.

NOTE: These categories are the same as those used in the Project Budget, Section VII.

VI. USE OF FUNDS

Check the appropriate boxes to describe how the DCED financial assistance will be used in this project.

VII. PROJECT BUDGET

GENERAL INSTRUCTIONS: Indicate all sources of funds and project costs, including those not financed with DCED funds. At the top of the columns number (1) through (4), indicate the source of funds that will be used to pay for those items identified in the budget table. Under the source of funds, indicate the Type of Financial Assistance in the box, whether the funds are:

- Federal – public dollars (grants or loans) from the federal government;
- State – public dollars (grants or loans) from the Commonwealth of PA;
- Local – public dollars (grants or loans) from local government;
- Private – non-public dollars; or
- In-kind – other than cash assistance for the project.

Subtotal all of the line items within a category for each of the columns. **Do not use cents when calculating budget amounts.** Then add all of the Category subtotals for each of the columns to arrive at the Total for each source. Use column 5 as a Total for all sources of funding per line item. If your project has more than 4 sources of funding, feel free to duplicate the blank pages and renumber the columns.

If an amount is placed in any of the OTHER categories, you must specify what the money will be used for in the additional space or in the Project Narrative.

NOTE: If the application is approved, the project budget becomes a binding part of the legal contract between the applicant and the Department, so the projected figures must be accurate. Depending on the actual DCED funding source, additional detailed information also may be needed. Please reference the specific program guidelines for those requirements on the DCED web site at www.inventpa.com.

V. INDICATE BUDGET CATEGORY OF FINANCIAL ASSISTANCE REQUESTED (Check all appropriate boxes)

<input type="checkbox"/> Acquisition	<input type="checkbox"/> Infrastructure / Site Prep	<input type="checkbox"/> Operating Costs/Working Capital
<input type="checkbox"/> General Construction	<input type="checkbox"/> Machinery and Equipment	<input type="checkbox"/> Related Costs
		<input type="checkbox"/> Other Costs

VI. HOW WILL THE ASSISTANCE BE USED? (Check all appropriate boxes)

<input type="checkbox"/> Community Development/Revitalization	<input type="checkbox"/> Environmental	<input type="checkbox"/> Recreation
<input type="checkbox"/> Community Services	<input type="checkbox"/> Export - Domestic Trade (out of PA)	<input type="checkbox"/> Tax Credits
<input type="checkbox"/> Crime Prevention	<input type="checkbox"/> Export - International Trade (out of USA)	<input type="checkbox"/> Technology Development
<input type="checkbox"/> Economic Development/Revitalization	<input type="checkbox"/> Housing	<input type="checkbox"/> Tourism Promotion
<input type="checkbox"/> Education	<input type="checkbox"/> Planning	

VII. PROJECT BUDGET

Include all sources of funds and project costs. (Include monies not financed with DCED funds.)

Sources	(1) DCED	(2)	(3)	(4)	<u>Total</u>
<i>Type of Financial Assistance</i>					
ACQUISITION					
<i>Land</i>					
<i>Buildings</i>					
Subtotal					
GENERAL CONSTRUCTION					
<i>New Construction</i>					
<i>Renovations</i>					
Subtotal					
INFRASTRUCTURE/ SITE PREPARATION					
<i>Roads & Streets</i>					
<i>Parking</i>					
<i>Water/Sewer</i>					

Project Budget Instructions (con't.) - Single Application for Assistance

Examples of eligible activities for budget line items:

Acquisitions: Purchase of land or buildings.

General Construction: Indicate new construction or renovation construction costs including plumbing, HVAC, electrical, etc.

Infrastructure/Site Preparation: Roads & streets, parking areas, water lines, sewer lines and connections, storm sewers, utilities, demolition, excavating/grading, environmental cleanup.

Machinery & Equipment: Purchase of new or used equipment, upgrade of existing equipment, modification of buildings to accommodate purchased equipment, vehicles.

Operating Costs / Working Capital

- All funds that will be used for working capital purposes by the Company/ Occupant
- Salaries and Fringe Benefits
- Training and technical assistance costs
- Consumable supplies such as printing, office supplies, disposable equipment/supplies
- Travel, per diem, mileage, airfares, auto rentals
- Promotion/Public Relations/Advertising, (include costs associated with promotion and public relations activities such as brochures, maps, TV or radio time, print ads)
- Office equipment (include telephones, computers, software, copiers, fax machines)
- Space costs such as mortgage costs, rent, maintenance costs, utilities, trash
- Program audit costs
- Indirect Costs

Related Costs:

- Professional services/consultants, include contracted program services
- Engineering
- Inspections
- Fees
- Insurance
- Environmental Assessment Costs
- Legal Costs
- Closing Costs
- Contingencies (identify the specific use of these funds.)

Other Costs:

- Items not previously specified by a line item in the Project Budget, such as bank fees, membership dues, subscriptions, etc. These costs must be identified in the project narrative or Budget Justification to be eligible expenditures.

PROJECT BUDGET (continued)

Sources	(1) DCED	(2)	(3)	(4)	<u>Total</u>
<i>Utilities</i>					
<i>Demolition</i>					
<i>Excavation/Grading</i>					
<i>Environmental Cleanup</i>					
Subtotal					
MACHINERY & EQUIPMENT					
<i>New Equipment Purchase</i>					
<i>Used Equipment Purchase</i>					
<i>Upgrade Existing</i>					
<i>Installation/Building Modification</i>					
<i>Vehicles</i>					
Subtotal					
OPERATING COSTS/ WORKING CAPITAL					
<i>Working Capital</i>					
<i>Salaries & Fringe Benefits</i>					
<i>Training & Technical Assistance</i>					
<i>Consumable Supplies</i>					
<i>Travel</i>					
<i>Promotion/Public Relations/Advertising</i>					
<i>Office Equipment</i>					
<i>Space Costs</i>					
<i>Audit</i>					
<i>Indirect Costs</i>					
Subtotal					

Instructions for Page 5, Single Application for Assistance

VIII. BASIS OF COSTS

Provide the basis for calculating the costs that are identified in the Project Budget.

IX. PROJECT NARRATIVE

On a separate sheet(s) of paper, provide a typewritten narrative that provides a detailed, comprehensive description of the project. The narrative must specifically address each of the cost items identified in the Project Budget section. **NOTE:** Some funding sources have specific guidelines regarding the narrative necessary to qualify for that particular DCED resource.

In general, the narrative must include:

- A. **Specific Problems to be Addressed or Improvements to be Financed.** Identify the problem(s) that need to be resolved. For projects involving a for-profit business, please provide a brief business background, such as: founding or incorporation date, historic background, product and marketing areas.
- B. **Project Description.** What do you plan to accomplish with this project? How do you plan to accomplish it? Include expected outcomes that are measurable, obtainable, clear and understandable, and valid. Examples of measurable outcomes include jobs created or retained, people trained, land or building acquired, housing units renovated or built, etc.
- C. **Projected Schedule and Key Milestones and Dates.** A detailed project schedule of activities, including key milestones and dates, must accompany this application,.
- D. **Documentation to Support Budget Costs.** If required by the funding source, include the supporting documents that are checked under the Basis of Costs Section of this application.

If applicable, include:

- E. **Certifications or Assurances.** If requesting a specific funding source, please include any specific certification and/or assurances that are required by that funding source.
- F. **Planning/Zoning Letter.** If the project involves infrastructure activities, provide a letter from the applicant or local planning agency certifying that the proposed project is in compliance with the comprehensive and land use plans and zoning and subdivision codes. If the project is not in compliance, explain the nature of the inconsistency and provide an estimated timetable for securing compliance or for securing any desired change.

PROJECT BUDGET (continued)

<i>Sources</i>	<i>(1) DCED</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>Total</i>
RELATED COSTS					
<i>Professional Services/Consultants</i>					
<i>Engineering</i>					
<i>Inspections</i>					
<i>Fees</i>					
<i>Insurance</i>					
<i>Environmental Assessment</i>					
<i>Legal Costs</i>					
<i>Closing Costs</i>					
<i>Contingencies</i>					
Subtotal					
OTHER					
Other					
Subtotal					
TOTAL					

VIII. BASIS OF COSTS (Check appropriate item)

- | | |
|---|---|
| <input type="checkbox"/> Appraisals | <input type="checkbox"/> Engineer Estimates |
| <input type="checkbox"/> Bids/Quotations | <input type="checkbox"/> Sales Agreements |
| <input type="checkbox"/> Contractor Estimates | <input type="checkbox"/> Budget Justification |

IX. PROJECT NARRATIVE

Attach a comprehensive description of this project. The narrative must specifically address each cost item identified in the project budget. In general, the narrative must include:

- A. Specific Problems to be Addressed or Improvement to be Financed
- B. Project Description
- C. Project Schedule, Key Milestones and Dates
- D. Documentation to Support Budget Costs

If applicable, include:

- E. Certifications or Assurances
- F. Planning/Zoning Letter

Instructions for Page 6, Single Application for Assistance

X. CERTIFICATION

This section certifies that the information provided in the application is true and correct to the best of the signer's knowledge. False information may subject the signer and company/entity to criminal prosecution.

Please date the application. An individual who is authorized to sign on behalf of the applicant/sponsor must sign the application prior to submission to DCED. Print or type his or her name and title below the signature. Enter the address of the entity represented. If you are requesting a specific funding that requires the authorized signature be attested, do so in the space provided.

MAIL COMPLETED APPLICATION TO:

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

**If you have questions on the Single Application,
contact DCED Customer Service Center at**

1-800-379-7448

or

e-mail: ra-dcedcs@state.pa.us

X. CERTIFICATION

I hereby certify that all information contained in this document and attachments are true and correct to the best of my knowledge. If I knowingly make a false statement or overvalue a security to obtain a grant and/or loan from DCED, I (company, entity and signer) may be subject to criminal prosecution.

Date: _____

Signature: _____

Print Name: _____ Title: _____

Representing: _____

Address: _____

If this application is being submitted on behalf of another entity, a certification is also required for that entity.

Signature: _____

Print Name: _____ Title: _____

Corporate Submissions Only:

Attested by: _____ (Signature of Corporate Secretary)

"I understand that in order to facilitate the submission of additional applications for this project on the Internet, information from this application (limited to the profile, project summary and site employment/ projected jobs data) will be available to DCED Authorized Service Providers on the DCED Single Application web site, unless I have checked here ____ "

The Department of Community and Economic Development reserves the right to accept or reject any or all applications submitted on the Single Application for Assistance contingent upon available funding sources and respective applicant eligibility.