



ECONOMIC DEVELOPMENT

PIDC HUD-108 LOAN PROGRAM

ELIGIBILITY

The HUD-108 Loan Program is available to any industrial or commercial firm located, or planning to locate, in Philadelphia. The company must be in business at least five years and show a record of profitability. The company must create jobs and/or improve blighted areas and must demonstrate an ability to service existing and proposed debt.

USES

- Acquisition
- Site preparation
- Construction / reconstruction
- Machinery and Equipment acquisition
- Rehabilitation
- Infrastructure improvements and related project costs

FINANCING

The minimum amount per transaction is \$500,000. The maximum amount is \$5,000,000 or \$35,000 per job created, whichever is less. Prevailing wage requirements apply to this program.

The loan term cannot exceed the underlying bond maturity of the funding program. The term of the loan will match the useful life of the assets and the term of the senior, private lender when feasible. Payments will be made under an equal, monthly payment (mortgage) amortization schedule.

PIDC's loan rate generally reflects a spread over the weighted average yield of Treasuries with maturities of between 1 and 20 years. Rates will be quoted on a monthly basis in the form of a range of rates that will serve as guidelines for a typical borrower. Actual rates may be higher due to market conditions at the date of loan closing or due to borrower credit. Prepayment restrictions may apply.

All loans must be fully secured. Maximum loan to value is 80% on real estate. PIDC will maintain a position on property and equipment depending upon the credit quality and nature of the project. Additional security will be required as appropriate. Cross collateralization with other loans may also be required. PIDC reserves the right to require a debt service reserve fund and/or personal guarantees depending upon the creditworthiness of the borrower, the nature and value of the collateral and the risk associated with the project.

TIMING AND PROCEDURE

The client submits a completed application to PIDC for staff review. The package must include a description of project, three years of CPA-reviewed or certified financial statements and three years of CPA-prepared projections. The PIDC staff will assess the application for creditworthiness. Creditworthy applications are then scheduled for review and consideration by 1) PIDC Loan Committee, 2) PIDC Board of Directors, 3) City Director of Commerce

Following application approval, PIDC issues a commitment letter to applicant. Settlement of the HUD-108 Loan may occur once the terms of the commitment are satisfied.

FEES

Application Fee: \$500, payable at the time of application submission - nonrefundable

Processing Fee: 1.5% of the amount of HUD financing provided through PIDC participation in the project is due to PIDC upon acceptance of the commitment letter.

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