

SBA 7a
SBA 504
Pennsylvania PIDA



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South Eastern Economic
Development Company
of Pennsylvania



Economic Development Loan Benefits

- **Less money out of pocket**
- **Long-term fixed, interest rates**
- **Below market interest rates**
- **Extended loan terms**
- **Finance all size projects**
 - **\$300M to \$15+MM**
- **Refinance with Expansion OR Refinance* with and without cash out**
- **Projects with 'light' appraisals**
- **Approved where otherwise declined**

***Including prior SBA 7a & 504 loans**



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SBA 7a Use of Proceeds

- **Purchase, construct, renovate or improve buildings**
- **Business acquisition or expansion, including franchises**
- **Machinery and Equipment**
- **Inventory/Supplies**
- **Leasehold improvements**
- **Working capital**
- **Debt refinance/restructure**



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SBA 7a Loan Program

- Utilized to assist in starting, building and growing small businesses
- Often utilized in situations such as start-up, projection-based, 100% & partial changes of ownership, limited collateral, lack of equity injection, etc
- Up to 90% financing; Up to 100% financing for established businesses for Equipment or Working Capital
- Weighted average term, up to 25 years
- 0% Guarantee fee on loans \$1million & under until 9/30/24
- Maximum funding up to \$5MM
 - ✓ (\$3.75MM Guaranty)



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SBA 504 Financing Structure

- Finance fixed asset purchase, improvements, expansion and/or associated expenses
- Re-finance existing debt with(limited to 100% of NEW project) or without expansion
- **Total Project**
 - ✓ \$12.5 million total project
 - maximum \$5 million SBA portion
 - ✓ \$13.75 million total project
 - maximum of \$5.5 million SBA portion for Manufacturers or Public Policy Goal projects
- **Loan Terms and Rates**
 - ✓ 20 or 25 year term for commercial property
 - ✓ 10-year term for long-term machinery and equipment



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90% SBA 504 Financing

- **50% Private sector loan**

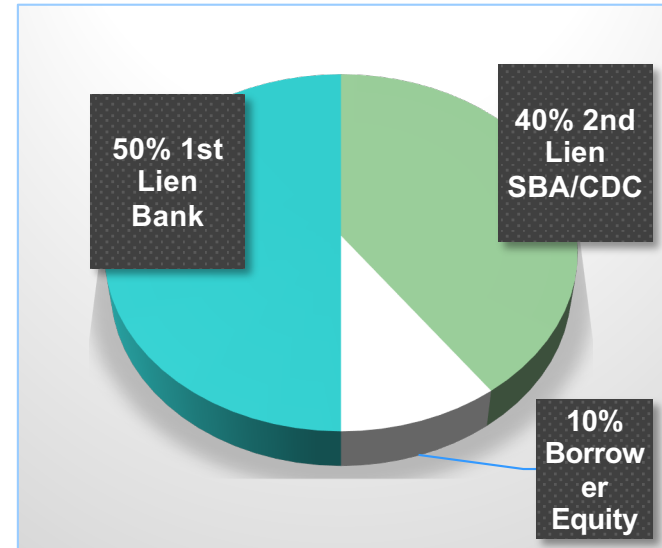
- ✓ Lender is in first lien position with 50% LTV

- **40% Bridge Loan / SBA 504 loan**

- ✓ 40% loan portion is below market, 10, 20 or 25-year fixed rate.

- **10% Equity (*Startup/ Special use*)**

- ✓ Equity injection of 10% preserves working capital
- ✓ Additional 5% for start-up and/or additional 5% for special purpose properties (car wash, hotel, gas station)



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PIDA

➤ Loan Specifics

- ✓ **Great, below-market, fixed interest rates**
- ✓ **For-profit businesses, specific industries**
- ✓ **Developer projects (discuss)**
- ✓ **Mostly fixed asset use of funds - Working capital is eligible (specific requirements), no refinance**
- ✓ **Typically 50/40/10**
- ✓ **PIDA 2nd lien behind Bank 1st lien**
- ✓ **Collateral: Commercial property, business assets, additional collateral may be required**
- ✓ **Personal Guaranty required**



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