



Business Finance Center Loan Programs



**Providing low-cost financing to help
businesses fund their land/building,
machinery/equipment and working
capital needs**

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NEPA LOAN PROGRAM PROCESS AND FEATURES

The business finance center, through its pool of federal, state, and local funds, provides low-interest loans to qualified small businesses and micro loans to start-up new to market businesses and entrepreneurs. The rates are fixed throughout the term of the loan regardless of any upward movement in the prime rate. The rates for the micro loan programs are generally market competitive.

GENERAL PURPOSE OF ALL NEPA PROGRAMS

The purpose of the NEPA Loan Program is to finance business facilities in the seven county region served by the Northeastern Pennsylvania Alliance (NEPA) in order to create or retain jobs. NEPA provides low-interest loan financing for a portion of the costs of land, building, machinery and equipment to businesses unable to fully finance these projects with equity, bank financing, or other private and public sources.

GENERAL LOAN PROGRAM PROCEDURES

- **Approval**
The loan application is reviewed by NEPA staff and presented to the NEPA Revolving Loan Fund Committee for their consideration. Applications may be submitted to the funding source for their approval. For PIDA loans, PA-DCED has final approval. For First Industries loans, the Commonwealth's Finance Authority, retains final approval.
- **Closing**
After the RLF funds have been approved and terms and conditions signed, NEPA's attorney begins the preparation of the loan closing documents while working with the borrower's legal counsel.
- **Servicing**
Loan servicing is done by the NEPA.

LOAN PROGRAM FEATURES

- **Benefits**
Low Interest Rates - NEPA's interest rate for most programs are below the prime lending rate.

Low Down Payment - Reduced down payments make additional working capital available for the customer.
- **Fixed Rates**
NEPA's interest rate is fixed throughout the loan term.
- **Paperwork**
NEPA can assist businesses in completing necessary paperwork.

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GENERAL LOAN PROGRAM EVALUATION CRITERIA

- **Cash Flow**
The business must show adequate cash flow to service the entire debt.
- **Credit History**
The business and its principals must have satisfactory history of meeting debt obligations in a timely manner. Credit checks are performed.
- **Management**
The business must demonstrate to NEPA that it has experienced and adequate management to operate the company successfully.
- **Collateral**
Collateral and personal guarantees are required, as appropriate, for the particular loan request. NEPA collateral for each loan is reviewed on a case by case basis. Subordinate financing is possible.
- **Business Plan**
For start up and new to market businesses; a thorough Business Plan is required including financial projections supported by assumptions.
- **Insurance**
Hazard insurance must equal the value of the assets pledged.
Life insurance assignments are generally required on owners or key management personnel.
- **Fees**
The borrower must pay all legal fees and any other closing costs.

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ARC LOAN PROGRAM

ELIGIBILITY

- **Type of Business**
Eligible businesses include for-profit businesses (individual proprietorships, partnerships or corporations). Emphasis is placed on manufacturing and industrial businesses.
- **Maximum Loan Amount**
 - \$200,000 or 50% of a project whichever is less. Working capital loans are limited to \$100,000.
- **Use of Loan Proceeds**
 - Land and building acquisition
 - Building construction or renovation
 - Machinery and equipment
 - Working capital

LOAN PROGRAM FEATURES

- **Interest Rate**
The current interest rate is fixed at 1% for the term of the loan.
- **Repayment Schedule**
 - Real estate up to 15 years
 - Machinery and equipment up to 7 years
 - Working capital up to 3 years

LOAN PROGRAM REQUIREMENTS

- **Job Requirements**
One permanent job must be created or retained per \$50,000 NEPA dollars loaned within 3 years from the loan closing date.
- **Location**
The project must be located within the seven Northeastern Pennsylvania counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne.

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RURAL DEVELOPMENT LOAN PROGRAM

ELIGIBILITY

- **Type of Business**
 - Eligible businesses include most operating-for-profit businesses except hotels, motels, tourist homes, convention centers, or any other tourist or recreation center.
 - Ineligible businesses are charitable and educational institutions, fraternal organizations, churches, and organizations affiliated or sponsored by churches, businesses producing agricultural products, and media businesses such as television and newspaper.
- **Maximum Loan Amount**

Up to 50% of the eligible project cost, not to exceed \$250,000, depending on availability of funds.
- **Use of Loan Proceeds**
 - Land and building acquisition
 - Building construction/renovation
 - Machinery and equipment

LOAN PROGRAM FEATURES

- **Interest Rate**

The current interest rate is fixed at 2% for the term of the loan.
- **Repayment Terms**

Real estate-up to 15 years
Machinery and equipment-up to 7 year

LOAN PROGRAM REQUIREMENTS

- **Job Requirements**

One permanent job must be created per \$50,000 NEPA dollars loaned within 3 years from the loan closing date.
- **Location**
 - The business must be located within one of the following counties: Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne.
 - The business must be located within the boundary of any city having a population of less than 25,000

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NEPA LOAN PROGRAM

ELIGIBILITY

- **Type of Business**
Eligible businesses include for-profit businesses (individual proprietorships, partnerships or corporations). Emphasis is placed on manufacturing and industrial business.
- **Maximum Loan Amount**
 - \$200,000 or 50% of a project whichever is less.
- **Use of Loan Proceeds**
 - Land and building acquisition
 - Building construction and renovation
 - Machinery and equipment
 - Working capital

LOAN PROGRAM FEATURES

- **Interest Rate**
The current interest rate is fixed at 3.5% for the term of the loan.
- **Repayment Schedule**
 - Real estate up to 15 years
 - Machinery and equipment up to 7 years
 - Working capital up to 3 years

LOAN PROGRAM REQUIREMENTS

- **Job Creation**
One permanent job must be created or retained per \$50,000 NEPA dollars loaned within 3 years from the loan closing date.
- **Location**
The project must be located within the six Northeastern Pennsylvania counties of Carbon, Lackawanna, Luzerne, Monroe, Schuylkill and Wayne.

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TRI-DISTRICT LOAN PROGRAM

ELIGIBILITY

- **Type of Business**
Eligible businesses include for-profit businesses (individual proprietorships, partnerships or corporations). Emphasis is placed on manufacturing and industrial business.

- **Maximum Loan Amount**
 - \$200,000 or 50% of a project whichever is less.

- **Use of Loan Proceeds**
 - Land and building acquisition
 - Building construction or renovation
 - Machinery and equipment
 - Working capital

LOAN PROGRAM FEATURES

- **Interest Rate**
The current interest rate is fixed at 3.5% for the term of the loan.

- **Repayment Schedule**
 - Real estate up to 15 years
 - Machinery and equipment up to 7 years
 - Working capital up to 3 years

LOAN PROGRAM REQUIREMENTS

- **Job Creation**
One permanent job must be created or retained per \$50,000 NEPA dollars loaned within 3 years from the loan closing date.

- **Location**
The project must be located within the Northeastern Pennsylvania counties of Carbon, Lackawanna, Luzerne, Monroe, Schuylkill and Wayne.

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PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY **(PIDA) LOAN PROGRAM**

ELIGIBILITY

- **Type of Business**

Eligible businesses may include agricultural enterprise and agricultural producers, industrial, manufacturing, research and development, hospitality (hotel, motel or other lodging facility, food-service operation), defense conversion, recycling, computer-related services, construction, and child day care enterprises. Businesses must have less than 100 employees at the time of application to be eligible. Pre-qualifying criteria apply to the hospitality enterprises and construction related businesses.

- **Maximum Loan Amount**

The maximum amount of funds from this program for land and building costs is 50% of a project or \$2,000,000 whichever is less. The maximum amount of funds from this program for machinery and equipment costs is 50% of a project or \$400,000 whichever is less. Working Capital Loans are limited to \$100,000 or 50% of the total project costs.

- **Use of Loan Proceeds**

- Land and building acquisition
- Building construction/renovation
- Machinery and equipment
- Working capital

LOAN PROGRAM FEATURES

- **Interest Rate**

The rates are changed quarterly.

For Real estate loans financing eligible land and building costs, borrowers will have the following two interest rate options:

- 1) Fixed interest rate for the full term of the loan (up to a 15-yr. period). This option is calculated using the 10-year treasury yield +150 basis points.
- 2) Fixed interest rate for a seven (7) year period set at the 10-year treasury rate +50 basis points. After seven years, the rate will reset to the 10-year treasury rate +50 basis points. Please note, the reset rate is limited to a 200 basis point increase/decrease and has a floor of 2.25%. The reset rate is then fixed for the duration of the loan.

For Equipment loans – fixed rate for the full term of the loan.

For Working capital and accounts receivable lines of credit – fixed rate for 12 month period.

For Pollution prevention and energy efficiency loans – fixed rate for the full term of the loan.

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- **Repayment Schedule**
 - Real estate up to 15 years
 - Machinery and equipment up to 10 years
 - Working capital and accounts receivable up to 1 year

LOAN PROGRAM REQUIREMENTS

- **Job Creation**

One permanent job must be created per \$50,000 PIDA dollars loaned within 3 years from the loan closing date; \$35,000 per job retained. There is no job creation requirement for the First Industries Agriculture Program.
- **Location**

The project must be located within the seven Northeastern Pennsylvania counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne.

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FIRST INDUSTRIES LOAN PROGRAM

ELIGIBILITY

Agriculture and tourism – two of Pennsylvania’s largest industries – are long time contributors to the Commonwealth’s economic health. Through the First Industries Program, low-interest loans are available to assist production agriculture and tourism related enterprises. Funds available under the First Industries Program are administered through the PIDA Loan Fund Program and require the approval of the Commonwealth Financing Authority.

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:

Agriculture

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.

Tourism

1. Destination sites located in Pennsylvania, including but not limited to historic, heritage, cultural, sporting, amusement, nature, outdoor recreational, or retail venues.

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2. 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.
3. 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.
4. Public/private partnerships formed to enhance or optimize the use of Commonwealth owned resources such as state-owned parks and state game lands.
5. Tourism related activities or events that promote overnight visits in Pennsylvania.

- **Maximum Loan Amount**

The maximum amount of funds from this program is 50% of a project or \$400,000 whichever is less. Working Capital Loans are limited to \$100,000 or 50% of the total project costs.

- **Use of Loan Proceeds**

- Land and building acquisition
- Building construction/renovation
- Machinery and equipment
- Working capital

LOAN PROGRAM FEATURES

- **Interest Rate**

The rates are changed quarterly.

- **Repayment Schedule**

- Real estate up to 15 years
- Machinery and equipment up to 7 years
- Working capital up to 1 year

LOAN PROGRAM REQUIREMENTS

- **Job Creation**

One permanent job must be created per \$50,000 PIDA dollars loaned within 3 years from the loan closing date; \$35,000 per job retained. There is no job creation requirement for the First Industries Agriculture Program.

- **Location**

The project must be located within the seven Northeastern Pennsylvania counties of Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne.

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LACKAWANNA COUNTY MICRO LOAN PROGRAM

ELIGIBILITY

- **Type of Business**
Eligible businesses include for-profit businesses (individual proprietorships, partnerships or corporations). These businesses may include manufacturers, retailers, wholesalers, and service related companies. The loan program focuses assistance to start-up and new to market businesses.
- **Maximum Loan Amount**
The maximum amount of funds from this program is \$35,000 or 80% of a project whichever is less, depending on availability of funds.
- **Use of Loan Proceeds**
 - Land and building acquisition, construction/renovation
 - Machinery and equipment
 - Working capital

LOAN PROGRAM FEATURES

- **Interest Rate**
The interest rate on this loan program is fixed at 2.75% for the term of the loan.
- **Repayment Schedule**
 - Real estate up to 5 years
 - Machinery and equipment up to 5 years
 - Working capital up to 3 years

LOAN PROGRAM REQUIREMENTS

- **Location**
The business must be located within Lackawanna County.

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NORTHEASTERN PENNSYLVANIA ALLIANCE **RURAL DEVELOPMENT MICRO LOAN PROGRAM**

ELIGIBILITY

- **Types of Business**
Entrepreneurs, business start-ups and existing small businesses with less than 25 employees in areas with a population of less than 5,000.
- **Maximum Loan Amount**
 - The maximum amount of funds from this program is \$35,000 or 80% of a project whichever is less, depending on availability of funds.
- **Use of Loan Proceeds**
 - Purchase of machinery and equipment (new or used) as well as associated delivery and installation costs
 - Working Capital
 - Construction / renovation / acquisition of real property

LOAN PROGRAM FEATURES

- **Interest Rate**
The current interest rate is 2.75%. This rate is fixed throughout the loan term.
- **Repayment Schedule**
Machinery / Equipment 3-5 years
Working Capital 2-3 years
Construction / renovation / acquisition 5 years

LOAN PROGRAM REQUIREMENTS

Business Plan

Entrepreneurs and start-up businesses are required to submit a fully completed business plan with the loan application. The Small Business Development Center at the University of Scranton and Wilkes University provide assistance in the development of a business plan at no cost to the entrepreneur/small business.

JOB REQUIREMENTS

Borrowers are required to establish/retain one new job for every \$35,000 in loan assistance in business start-up situations; self-employment is included with this job requirement.

LOCATION

This loan program is available to entrepreneurs, start-up businesses and existing small businesses with less than 25 employees located in Rural Development eligible areas with less than 5,000 in population in the seven county region served by NEPA. These counties are Carbon, Lackawanna, Luzerne, Monroe, Pike, Schuylkill and Wayne.

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Our Mission

The Northeastern Pennsylvania Alliance (NEPA) is regional multi-county economic development agency providing leadership, planning, expertise and services to regional and local governments, businesses, institutions and individuals through innovative and beneficial collaborations and partnerships to enhance the economic development and quality of life of the area.

Northeastern Pennsylvania Alliance

NEPA



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