

CHAPTER V

SPECIAL CREDIT ENHANCEMENT/FINANCING PROGRAMS

This section of the report contains a grid describing the many credit enhancement/financing programs available to area banks to provide financing for housing, small businesses, and economic development. The grid is divided into geographically specific and regionally applicable programs.

NATIONAL CREDIT ENHANCEMENT/FINANCING PROGRAMS – AFFORDABLE HOUSING

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>FANNIE MAE <i>Community Home Buyers Program</i></p> <p><i>3/2 Option</i></p> <p><i>Fannie 97</i></p>	<p>First mortgages for single-family, owner-occupied principal residences that meet Fannie Mae standards. Loans may be used for purchase money transactions or refinances. Borrowers' maximum income is 100% of HUD median family income (which is \$35,400 in Clearfield County). Home buyer education is required.</p>	<p>Maximum LTV is 95%; 5% down payment required from borrower. Term of 15 to 30 years. Loans must be fixed rate with level payments and full amortization of principal. Maximum loan amount is \$214,600.</p> <p>Maximum LTV is 95%. Required down payment from borrower is 3%; remaining 2% may be gift, grant, or unsecured loan from non-profit or government agency. Term of 15 to 30 years. Loans must be fixed rate with level payments and full amortization of principal. Maximum loan amount is \$214,600.</p> <p>Maximum LTV of 97%; required down payment from borrower is 3%. Term of 15 to 30 years. Loans must be fixed rate with level payments and full amortization of principal. Maximum loan amount is \$214,600.</p>	<p>Lenders, which must be Fannie Mae approved, originate mortgages at market rates and sell them to Fannie Mae.</p>	<p>Diane Laughlin Affordable Housing Business Manager Fannie Mae 1900 Market Street, Suite 800 Philadelphia, PA 19103 (215) 575-1760 (215) 575-1900 (fax) E-mail: Diane_Laughlin@fanniemae.com Web Site: www.fanniemae.com</p>
<p>FEDERAL HOME LOAN BANK OF PITTSBURGH <i>Affordable Housing Program (AHP)</i></p>	<p>Finance the purchase, construction, and/or rehabilitation of owner-occupied or rental housing for very low- and low-income households; finance permanent housing for the homeless; or promote rural projects and/or home ownership projects.</p>	<p>AHP grants and subsidized loans are priced at 0.0% to market rate based on project needs. Maturities to 30 years.</p>	<p>Financial institutions in Delaware, Pennsylvania, and West Virginia that are members of the Federal Home Loan Bank of Pittsburgh may apply for the funds.</p>	<p>John Bendel Vice President Federal Home Loan Bank of Pittsburgh 601 Grant Street Pittsburgh, PA 15219 (412) 288-2820 (412) 288-4578 (fax) E-mail: john.j.bendel@fhlb-pgh.com Web Site: www.fhlb-pgh.com</p>
<p><i>Community Investment Program (CIP)</i></p>	<p>Commercial or economic development activities that benefit families whose incomes do not exceed 80% of area median income; home purchase by families whose incomes do not exceed 115% of area median income; and rehabilitation of housing for occupancy by families whose incomes do not exceed 115% of area median income.</p>	<p>CIP funding is provided at the Federal Home Loan Bank cost of funds, very close to Treasury rates. Terms are fixed or variable, with maturities to 30 years.</p>	<p>Members of the FHLB may obtain CIP advances for use in commercial and economic development or affordable housing projects.</p>	

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ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>U.S. DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT (USDA, RD)</p> <p><i>Guaranteed Rural Housing Loan Program</i></p>	<p>With a 90% loan guarantee, lenders can make 100% LTV mortgage loans to moderate-income families in Clearfield County. Income limitations for applicants are 115% of the county median income. For example, a 3-person household in Clearfield County with adjusted gross income of up to \$40,600 would be income eligible.</p>	<p>Interest rate and points are negotiated between lender and borrower. Terms are 30 years, fixed rate. The maximum mortgage amount in Clearfield County is \$86,317 for single-unit houses. There is a one-time guarantee fee of 1.0% of the loan amount.</p>	<p>The lender originates, processes, and closes the loan. After the loan note guarantee is issued, the lender may sell the loan to a secondary market lender or any other approved lender; or the lender may retain and service the loan.</p>	<p>James Rhea Guaranteed Housing Specialist USDA, Rural Development 602 Evans City Road, Suite 101 Butler, PA 16001 (724) 482-4800, Ext. 158 (724) 482-4826 (fax) E-mail: jrhea@rdmail.rural.usda.gov Web Site: www.rurdev.usda.gov</p>
<p><i>Section 502 Direct Program</i></p>	<p>Program provides residential financing for low-income families whose incomes do not exceed 80% of county median income. For example, a 3-person household in Clearfield County with adjusted gross income of up to \$25,500 would be income eligible.</p>	<p>Bank provides a 15 year fixed-rate loan with 30-year amortization. Interest rate is negotiated between borrower and lender. The maximum mortgage amount in Clearfield County is \$86,317 for single-unit houses. This is the HUD 203(b) limit.</p>	<p>Bank acts as participating lender. Bank takes first mortgage while RD takes second mortgage. Both the bank and RD remain responsible for final underwriting and servicing of the loan.</p>	<p>Frank Wetherhold Single-Family Housing Program Director USDA, Rural Development One Credit Union Place, Suite 330 Harrisburg, PA 17110 (717) 237-2279 (717) 237-2194 (fax) E-mail: frwether@rdmail.rural.usda.gov Web Site: www.rurdev.usda.gov</p>
<p><i>Section 515 Multifamily Housing Program</i></p>	<p>New construction or substantial rehabilitation of rental housing in rural areas. Tenants must be low or moderate income. RD provides a permanent 50-year mortgage when construction is complete. Loans can be made to nonprofit or for-profit corporations, partnerships, housing authorities, or individuals.</p>	<p>RD lends up to 100% of the lesser of development costs or appraised value to nonprofit developers and 95% of those costs to all other applicants. Rates are competitive with private lenders, but nonprofit and limited-profit borrowers receive interest credit to reduce the effective rate to 1%. Loans are for a 30-year term with 50-year amortization and require low-income use for the term of the mortgage.</p>	<p>Banks finance interim construction loans based on a commitment from RD. RD and project architect make inspections, and RD approves all progress payments.</p>	<p>Gary A. Rothrock Multi-Family Housing Program Director USDA, Rural Development One Credit Union Place, Suite 330 Harrisburg, PA 17110 (717) 237-2281 (717) 237-2195 (fax) E-mail: grothro@rurdev.usda.gov Web Site: www.rurdev.usda.gov</p>

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<p>U.S. DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT (USDA, RD)</p> <p><i>Section 538 Guaranteed Multifamily Housing Program</i></p>	<p>New construction or substantial rehabilitation of <u>rental housing</u> in rural areas. Tenants must have incomes below 115% of median income. Loans can be made to nonprofit or for-profit corporations, partnerships, housing authorities, or individuals.</p>	<p>Rates and terms are negotiated with a lender, maximum term is 40 years with the maximum rate set by NOFA. The 1998 maximum is 200 basis points over the 30-year Treasury rate. Loan-to-value up to 97% for nonprofits and 90% for others. RD guarantees up to 90% of the loan amount.</p>	<p>The lender originates, processes, and closes the loan. After the loan note guarantee is issued, the lender may sell the loan to a secondary market lender or any other approved lender; or the lender may retain and service the loan.</p>	<p>Gary A. Rothrock Multi-Family Housing Program Director USDA, Rural Development One Credit Union Place, Suite 330 Harrisburg, PA 17110 (717) 237-2281 (717) 237-2195 (fax) E-mail: grothro@urdev.usda.gov Web Site: www.rurdev.usda.gov</p>
<p>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</p> <p><i>Community Development Block Grant Funds (CDBG)</i></p>	<p>Acquiring real property, reconstructing or rehabilitating housing and other property, building public facilities, providing public services for youths, and other housing-related activities.</p>	<p>While the states receive CDBG funds as an annual block grant, they must develop a method to distribute funds to eligible local governments. States must also award at least 70% of their CDBG funds for activities that benefit low- and moderate-income persons.</p>	<p>None, but banks should be aware of this program because they may become involved in a partnership in which these funds are used.</p>	<p>Steve Johnson Acting Director State and Small Cities Division U.S. Department of Housing and Urban Development 451 7th Street, SW Washington, DC 20410 (202) 708-1322 E-mail: none Web Site: www.hud.gov/progdsc/cdbg-st.html</p>
<p><i>FHA Home Mortgage Insurance Section 203(b)</i></p>	<p>Construction of new, or purchase of existing, owner-occupied 1- to 4-family residential properties or refinancing of indebtedness on existing housing.</p>	<p>Interest rate and points are negotiated between the applicant and the mortgagee; the maximum mortgage amount in Clearfield County is \$109,032 for single-unit houses.</p>	<p>FHA guarantees the lender against financial loss for up to 30 years; lenders originate, process, underwrite, disburse funds, and service the loan.</p>	<p>Michael Peretta Director, Program Support Division U.S. Department of Housing and Urban Development 100 Penn Square East Philadelphia, PA 19107 (215) 656-0578, ext. 3352 (215) 656-3456 (fax) E-mail: michaelperretta@hud.gov Web Site: www.hud.gov</p>
<p><i>FHA Home Mortgage Insurance for Rehabilitation Section 203(k)</i></p>	<p>The acquisition and rehabilitation of 1- to 4-unit residential properties by nonprofit borrowers or owner-occupants.</p>	<p>Market interest rate; maximum mortgage amount is based on the lesser of either 110% of as-completed value, or the total of current appraised value plus the cost of rehabilitation.</p>	<p>Lenders originate, process, underwrite, inspect for payments, disburse funds, and service the loan.</p>	<p>Michael Peretta Director, Program Support Division U.S. Department of Housing and Urban Development 100 Penn Square East Philadelphia, PA 19107 (215) 656-0578, ext. 3352 (215) 656-3456 (fax) E-mail: michaelperretta@hud.gov Web Site: www.hud.gov</p>

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<p>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</p> <p><i>Home Equity Conversion Mortgage Program</i></p>	<p>Program provides FHA insurance on reverse mortgages made by lenders to older home owners; loans may be sold to Fannie Mae. Payments to borrower are based on borrower's age, mortgage interest rate, and maximum claim amount. Older home owners retain ownership of their houses and may sell and move at any time. All eligible borrowers must be 62 or older.</p>	<p>Interest may accrue on outstanding balance at either fixed or adjustable rate. Borrowers may choose from among five payment options. Under tenure option, borrower receives monthly payments from lender as long as borrower lives and continues to occupy house as principal residence. Payment plans can be changed or modified at any time.</p>	<p>All FHA-approved lenders may participate. Mortgage proceeds paid by lender and/or HUD are secured by first and second mortgages. Borrower pays mortgage insurance premium to reduce lender's risk of loss. Insurance premium, closing costs, and origination fees are financed in the loan.</p>	<p>Michael Peretta Director, Program Support Division U.S. Department of Housing and Urban Development 100 Penn Square East Philadelphia, PA 19107 (215) 656-0578, ext. 3352 (215) 656-3456 (fax) E-mail: michaelperretta@hud.gov Web Site: www.hud.gov</p>
<p><i>HOME Funds</i></p>	<p>HOME funds are available to build, buy, and/or rehabilitate affordable housing for rent or home ownership or to provide direct rental assistance to low-income individuals.</p>	<p>Program funds are allocated to units of general local government on the basis of a formula that considers the relative inadequacy of each jurisdiction's housing supply, its incidence of poverty, its fiscal distress, and other factors. Participating jurisdictions must have a current and HUD-approved consolidated plan that outlines its planned and recently implemented activities.</p>	<p>None, but banks should be aware of this program because they may become involved in a partnership in which these funds are used.</p>	<p>Office of Affordable Housing Programs Office of Community Planning and Development U.S. Department of Housing and Urban Development 451 7th Street, SW Washington, DC 20410 (202) 708-2470 E-mail: none Web Site: www.hud.gov/progdesc/home1a.html</p>
<p><i>Title I Insurance Division</i></p>	<p>Eligible improvements include the alteration, repair, and/or improvement of single-family homes, manufactured homes, small multifamily buildings, and nonresidential structures.</p>	<p>Interest rate is negotiated between borrower and lender; FHA insures loans for alteration, repair, or improvement of existing single-family structures for up to \$25,000 for up to 20 years and manufactured homes that qualify as real property for up to \$17,500 for up to 15 years; loans on multifamily properties up to \$12,000 per dwelling unit or \$60,000 for the structure for up to 20 years. There is no equity requirement for these loans.</p>	<p>Lenders originate, process, disburse, and service the loans and may charge points and an origination fee of not more than 5% of the amount advanced, which may be financed.</p>	<p>Maurice Gulledge Chief, Home Improvement Branch U.S. Department of Housing and Urban Development 451 7th Street, SW, Room 9272 Washington, DC 20410 (202) 708-6396, Ext. 2073 (202) 401-8951 (fax) E-mail: maurice_d._gulledge@hud.gov Web Site: http://www.hud.gov/progdesc/title-i.html</p>

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ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>U.S. DEPARTMENT OF VETERANS AFFAIRS (VA) <i>Loan Guaranty Program</i></p>	<p>Eligible users are honorably discharged veterans who have served a specified number of days on active duty; individuals who honorably complete six years of service in the Reserves or National Guard are also eligible.</p>	<p>No minimum or maximum loan amount; 100% mortgage financing; average mortgage amount in Pennsylvania is \$100,000; interest rate and points are negotiated by buyer, seller, and lender.</p>	<p>Banks and mortgage companies originate VA loans using VA underwriting guidelines and close the loans. Lenders may charge a 1% origination fee; veterans may also pay appraisal fees, discount points, and closing costs.</p>	<p>Timothy Maher Assistant Loan Production Officer U.S. Department of Veterans Affairs 1240 East 9th Street Cleveland, OH 44199 (216) 522-3605, Ext. 3959 (216) 522-2416 (fax) E-mail: none Web Site: none</p>

PENNSYLVANIA CREDIT ENHANCEMENT/FINANCING PROGRAMS – AFFORDABLE HOUSING

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (PDCED)</p> <p><i>Family Savings Account (FSA) Program</i></p>	<p>Program promotes self-sufficiency through asset development for individuals or families whose incomes are less than 200% of federal poverty level. Eligible uses are home purchase, education for themselves or their children, starting or expanding a business, or other approved activities.</p>	<p>Over a two-year period, individuals and families can receive 50% match for their own savings; maximum state-funded match is \$300 per year.</p>	<p>Nonprofit organizations that administer the program must select an area bank to maintain FSA accounts.</p>	<p>Fred Abrams Chief, State Program Division Community Empowerment Office Pennsylvania Department of Community and Economic Development 352 Forum Building Harrisburg, PA 17120 (717) 787-4140 (717) 234-4560 (fax) E-mail: fred_abrams@dced.state.pa.us Web Site: www.dced.state.pa.us</p>
<p><i>Neighborhood Assistance Program (NAP)</i></p>	<p>Programs must qualify under one or more of the following categories: community services; crime prevention; education and/or job training and neighborhood assistance, including housing rehabilitation and construction. Under a related program, the Comprehensive Services Program (CSP), a nonprofit organization and a corporation develop a 10-year plan to facilitate a response to all of the community's categories of need as specified above.</p>	<p>Businesses receive state tax credits equal to 50% of their qualified contributions (70% under CSP). An additional 20% tax credit is available for special program priorities. A business is limited to \$250,000 in state tax credits per fiscal year. CSP businesses can obtain an additional \$350,000 in tax credits.</p>	<p>A bank may elect to run its own approved program, put its own resources into it, and receive the tax credits; or the bank may make a contribution to a non-profit organization that has an approved program. (Banks may request a list of approved nonprofit organizations.)</p>	
<p>PENNSYLVANIA HOUSING FINANCE AGENCY (PHFA)</p> <p><i>Closing Cost Assistance Program</i></p>	<p>To assist home buyers under the Lower-Income Home Ownership Program who do not have adequate cash to cover closing costs; maximum assistance is \$2,000; borrower's liquid assets after closing may not exceed \$1,200.</p>	<p>Second mortgage loan with 0% interest that requires no repayment until home is sold, refinanced, transferred, or the first mortgage is paid in full.</p>	<p>Lenders must be approved by PHFA in order to participate. Lenders earn a fee of 1% of the mortgage amount plus \$300 or a minimum of \$700. Lenders also earn a fee for selling the loans with servicing released.</p>	<p>Donald Plunkett Assistant Executive Director Single-Family Programs Pennsylvania Housing Finance Agency 2101 North Front Street Harrisburg, PA 17105 (800) 822-1174 (717) 780-3804 (fax) E-mail: none Web Site: www.phfa.org</p>

PENNSYLVANIA CREDIT ENHANCEMENT/FINANCING PROGRAMS – AFFORDABLE HOUSING

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>PENNSYLVANIA HOUSING FINANCE AGENCY (PHFA) <i>Homestead Program</i></p>	<p>To provide first-time home-buying families with down payment and closing cost assistance, up to a combined total of \$10,000. Borrower's liquid assets after closing may not exceed \$1,200. Minimum family size is 1 parent and 1 child except under special circumstances.</p>	<p>Program available in all of Clearfield County. Second mortgage loan with 0% interest that requires no repayment until home is sold, refinanced, transferred, or becomes nonowner-occupied, or the first mortgage is paid in full. Income, adjusted for family size, may not exceed 80% of the county median. The limit for a Clearfield County family of 4 is \$28,150. Purchase price limit is \$84,000 for existing and \$109,032 for new structures.</p>	<p>Lenders must be approved by PHFA in order to participate. Lenders earn a fee of 1% of the mortgage amount plus \$300 or a minimum of \$700. Lenders also earn a fee for selling the loans with servicing released.</p>	<p>Donald Plunkett Assistant Executive Director Single-Family Programs Pennsylvania Housing Finance Agency 2101 North Front Street Harrisburg, PA 17105 (800) 822-1174 (717) 780-3804 (fax) E-mail: none Web Site: www.phfa.org</p>
<p><i>Low-Income Housing Tax Credit Program</i></p>	<p>The development of affordable rental housing. 40% of units must be rented to households whose income does not exceed 60% of area median income, or 20% of units at 50% median income, or 15% of units at 40% median income.</p>	<p>Tax credit allocations are awarded through a competitive application process. There is \$1.25 of tax credit allocation available per capita each year.</p>	<p>Banks may buy the tax credits or may provide equity and/or provide construction and/or permanent loans to these housing projects.</p>	<p>Eileen D. Staudt Manager, Tax Credit Program Pennsylvania Housing Finance Agency P.O. Box 8029 2101 North Front Street Harrisburg, PA 17105 (717) 780-3948 (717) 780-1888 (fax) E-mail: none Web Site: www.phfa.org</p>

PENNSYLVANIA CREDIT ENHANCEMENT/FINANCING PROGRAMS - AFFORDABLE HOUSING

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>PENNSYLVANIA HOUSING FINANCE AGENCY (PHFA) <i>Lower-Income Home Ownership Program</i></p>	<p>30-year fixed-rate. Conventional or FHA-insured; VA or Rural Housing Service-guaranteed mortgages for first-time home-buying families with no more than \$5,000 in liquid assets after closing. Minimum family size 1 parent and 1 child except under special circumstances.</p>	<p>Interest rates are below conventional rates. Income limit for Clearfield County is \$28,000 for 1- or 2-person families, with an additional \$1,000 added for each additional family member. Purchase price limit is \$68,900 for existing and \$99,000 for new structures.</p>	<p>Lenders must be approved by PHFA in order to participate. Lenders earn an amount equal to 1% of the mortgage amount plus \$300 or a minimum of \$700. Lenders also earn a fee for selling the loans with servicing released.</p>	<p>Donald Plunkett Assistant Executive Director Single-Family Programs Pennsylvania Housing Finance Agency 2101 North Front Street Harrisburg, PA 17105 (800) 822-1174 (717) 780-3804 (fax) E-mail: none Web Site: www.phfa.org</p>
<p><i>PennHOMES (Housing Opportunities Make Economic Sense)</i></p>	<p>For-profit and nonprofit developers may borrow for up-front costs, write-down assistance, interest rate reduction, or ongoing rental assistance. Funds also are available for construction and permanent mortgages.</p>	<p>Low or no interest deferred loans.</p>	<p>Banks may purchase PHFA bonds, which, in turn, provide financing for this program; may also provide additional financing to assist the development.</p>	<p>William J. Koons Deputy Director of Development Pennsylvania Housing Finance Agency 2101 North Front Street Harrisburg, PA 17105 (717) 780-3882 (717) 780-3905 (fax) E-mail: PHFAuser@redrose.net Web Site: www.phfa.org</p>
<p><i>Statewide Mortgage Program</i></p>	<p>30-year fixed rate. Conventional or FHA insured; VA or Rural Housing Service-guaranteed mortgages to assist primarily first-time home owners who meet eligibility requirements.</p>	<p>Interest rates are below conventional rates. Income limit for Clearfield County is \$42,000 for 1- or 2-person households and \$48,400 for 3- or more person households. Purchase price limit is \$84,000 for existing and \$130,000 for new structures.</p>	<p>Lenders must be approved by the PHFA in order to participate. Lenders earn a processing fee of 1% of the mortgage amount plus \$300 or a minimum of \$700. Lenders also earn a fee for selling the loans with servicing released.</p>	<p>Donald Plunkett Assistant Executive Director Single-Family Programs Pennsylvania Housing Finance Agency 2101 North Front Street Harrisburg, PA 17105 (800) 822-1174 (717) 780-3804 (fax) E-mail: none Web Site: www.phfa.org</p>

NATIONAL CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>FEDERAL HOME LOAN BANK OF PITTSBURGH</p> <p><i>Community Investment Program (CIP)</i></p>	<p>Commercial or economic development activities that benefit families whose income does not exceed 80% of area median income; home purchase by families whose income does not exceed 115% of area median income; and rehabilitation of housing for occupancy by families whose incomes do not exceed 115% of area median income.</p>	<p>CIP funding is provided at the Federal Home Loan Bank cost of funds, very close to Treasury rates. Terms are fixed or variable, with maturities to 30 years.</p>	<p>Members of the FHLB may obtain CIP advances for use in commercial and economic development or affordable housing projects.</p>	<p>John Bendel Vice President Federal Home Loan Bank of Pittsburgh 601 Grant Street Pittsburgh, PA 15219 (412) 288-2820 (412) 288-4578 (fax) E-mail: john.j.bendel@fhlb-pgh.com Web Site: www.fhlb-pgh.com</p>
<p>U.S. DEPARTMENT OF AGRICULTURE, FARM SERVICE AGENCY (USDA, FSA)</p> <p><i>Guaranteed Farm Ownership Program</i></p>	<p>Program may be used to purchase land, construct buildings or make improvements, improve soil and water conservation, and refinance debts.</p>	<p>Term may range up to 40 years. Rates may not exceed those charged to lenders' other farm customers.</p>	<p>Bank can provide credit to beginning farmers and family farmers experiencing financial distress. With loan guarantee program, banks are able to expand their customer base to farmers with a higher risk exposure.</p>	<p>Charles L. Marshall Farm Loan Chief USDA, Farm Service Agency One Credit Union Place, Suite 320 Harrisburg, PA 17110 (717) 237-2135 (717) 237-2149 (fax) E-mail: none Web Site: www.fsa.usda.gov</p>
<p><i>Guaranteed Operating Loan Program</i></p>	<p>Program can be used to purchase livestock, poultry, equipment, feed, seed, farm chemicals and supplies; improve soil and water conservation; and refinance indebtedness with certain limitations.</p>	<p>Maximum loan amount is \$400,000. Term ranges from 1 to 7 years. Rates may not exceed those charged to lenders' other farm customers. There is a 4% reduction available for those unable to repay at regular rates.</p>	<p>Bank can provide credit to beginning farmers and family farmers experiencing financial distress. With loan guarantee program, banks are able to expand their customer base to farmers with a higher risk exposure.</p>	<p>Charles L. Marshall Farm Loan Chief USDA, Farm Service Agency One Credit Union Place, Suite 320 Harrisburg, PA 17110 (717) 237-2135 (717) 237-2149 (fax) E-mail: none Web Site: www.fsa.usda.gov</p>
<p>USDA, RURAL DEVELOPMENT (RD)</p> <p><i>Business and Industry Guaranteed Loan Program</i></p>	<p>Developing or financing business or industry, increasing employment, and controlling or abating pollution.</p>	<p>Rates and terms are negotiated between the borrower and lender. Guarantees are provided to businesses located in areas outside the boundaries of cities of 50,000 or more and immediately adjacent urbanized areas. The maximum loan amount is \$25 million.</p>	<p>The bank is the servicing agent for the loan. The guarantee can help the lender assist applicants it could not ordinarily reach.</p>	<p>Duane K. Tuttle Program Director USDA, Rural Business-Cooperative Service One Credit Union Place, Suite 330 Harrisburg, PA 17110 (717) 237-2189 (717) 237-2196 (fax) E-mail: dtuttle@rurdev.usda.gov Web Site: www.rurdev.usda.gov</p>

NATIONAL CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>USDA, RURAL DEVELOPMENT (RD) <i>Community Facilities Program</i></p>	<p>Program provides essential community facilities for rural communities. Can be used for equipment and operating costs for fire and rescue facilities and telecommunications for schools, libraries, and hospitals in Clearfield County.</p>	<p>Program finances up to 100% of facility's market value for a term of up to 40 years.</p>	<p>Banks may make a loan guaranteed by USDA under this program.</p>	<p>Gary A. Rothrock Multi-Family Housing Program Director USDA, Rural Development One Credit Union Place, Suite 330 Harrisburg, PA 17110 (717) 237-2281 (717) 237-2195 (fax) E-mail: grothrocr@urdev.usda.gov Web Site: www.rurdev.usda.gov</p>
<p>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) <i>Section 108 Loan Guarantees</i></p>	<p>Provides local governments that receive Community Development Block Grant (CDBG) funds with front-end financing for large-scale physical development projects. Eligible activities include acquisition of real property, rehabilitation of publicly owned real property, housing rehabilitation, economic development activities, relocation, clearance, and site improvement.</p>	<p>The local government issues promissory notes, which are sold through underwritten public offerings. The notes are guaranteed by HUD and are secured by current and future CDBG grants. Interim financing is also available.</p>	<p>Local government typically provides part of project costs and often is complemented by financing from banks or thrifts.</p>	<p>Paul D. Webster Director Financial Management Division U.S. Department of Housing and Urban Development 451 7th Street, SW, Room 7180 Washington, DC 20410 (202) 708-1871 (202) 708-1798 (fax) E-mail: paul_webster@hud.gov Web Site: www.hud.gov</p>
<p>U.S. SMALL BUSINESS ADMINISTRATION (SBA) <i>Export Working Capital Program</i></p>	<p>Provides short-term working capital funds to allow businesses to complete export sales. Pre- and post-shipment working capital or combination and/or support for standby letters of credit used as bid-bonds, performance bonds, or payment guarantees to foreign buyers can be used to support a single export transaction or multiple transactions under a revolving line of credit.</p>	<p>SBA guarantees 90% of loan, up to a maximum guaranteed portion of \$750,000 (\$1 million in some cases).</p>	<p>Provides repayment guarantees to commercial lenders.</p>	<p>David D. Miller Assistant District Director for Economic Development U.S. Small Business Administration Federal Building, Room 1128 1000 Liberty Avenue Pittsburgh, PA 15222 (412) 395-6560, ext. 111 (412) 395-6562 (fax) E-mail: david.d.miller@sba.gov Web Site: www.sba.gov</p>
<p><i>7(a) Loan Guaranty Program</i></p>	<p>Provides capital for expansion or renovation; construction of new facilities; purchase of land or buildings; purchase of equipment, fixtures, or leasehold improvements; working capital; refinance of debt for compelling reasons; seasonal line of credit; and inventory.</p>	<p>Interest rate is negotiable with the lenders; loans under 7 years maximum is prime plus 2.25%; 7 years or more, maximum rate is 2.75% over prime; under \$50,000, rates may be slightly higher.</p>	<p>Bank analyzes the credit and forwards it to SBA for approval; banks make the loan and may sell the guaranteed portion in the secondary market and service the loan.</p>	

NATIONAL CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>U.S. SMALL BUSINESS ADMINISTRATION (SBA)</p> <p><i>LowDoc Program</i></p>	<p>One-page application, quick turnaround after applicant meets lender requirements. Same as 7(a) except may not be used to repay existing debt.</p>	<p>Same as 7(a).</p>	<p>Same as 7(a).</p>	<p>David D. Miller Assistant District Director for Economic Development U.S. Small Business Administration Federal Building, Room 1128 1000 Liberty Avenue Pittsburgh, PA 15222 (412) 395-6560, Ext. 111 (412) 395-6562 (fax) E-mail: david.d.miller@sba.gov Web Site: www.sba.gov</p> <p>Martin J. Marasco Executive Director Altoona-Blair County Development Corporation 4500 Sixth Avenue Altoona, PA 16602 (814) 944-6113 (814) 946-0157(fax) E-mail: abcd@abcdcorp.org Web Site: www.abcd.org</p>
<p><i>Section 504 Loan Program</i></p>	<p>Assists any for-profit small business by providing funding for plant construction, conversion, or expansion; land and building acquisition; leasehold improvements; and purchase of machinery and equipment. Altoona-Blair County Development Corp. packages 504 loans in Bedford, Blair, Cambria, Clearfield, Franklin, Fulton, Huntingdon, Jefferson, and Somerset counties.</p>	<p>Rate based on the sale of U.S. Treasury bonds, fixed at the time of disbursement. Terms of 10 or 20 years, based on collateral. Must provide one new or existing job for each \$35,000 of loan funds in the project.</p>	<p>Banks provide first mortgage financing. They also make referrals to the programs and participate on loan committees in project evaluation and analysis.</p>	<p>Dr. Woodrow Yeaney Executive Director Clarion University Small Business Development Center 102 Dana Still Hall Clarion, PA 16214 (814) 226-2060 (814) 226-2636 (fax) E-mail: yeaney@clarion.edu Web Site: libertynet.org/pasbdc/clarion/n4index.html</p>
<p><i>Small Business Development Center</i></p>	<p>Free business technical assistance to Clearfield County entrepreneurs, including business plan development, marketing plans, feasibility studies, accounting systems, personnel and strategic plan development, and international trade and government procurement assistance.</p>	<p>Not applicable.</p>	<p>Banks may refer potential small-business clients to the center for technical assistance.</p>	<p>Dr. Woodrow Yeaney Executive Director Clarion University Small Business Development Center 102 Dana Still Hall Clarion, PA 16214 (814) 226-2060 (814) 226-2636 (fax) E-mail: yeaney@clarion.edu Web Site: libertynet.org/pasbdc/clarion/n4index.html</p>

PENNSYLVANIA CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (PDCED)</p> <p><i>Industrial Sites Reuse Program</i></p>	<p>Provides grants and low interest loans for environmental assessment and remediation. Designed to foster cleanup of environmental contamination at industrial sites, thereby bringing blighted land into productive reuse.</p>	<p>Maximum amount to be awarded for any assessment project will not exceed 75% of total cost, or \$200,000, in single fiscal year, whichever is less. Maximum amount to be awarded for any remediation project will not exceed 75% of total cost, or \$1 million, in a single fiscal year, whichever is less. Interest rate on all industrial site reuse loans will be 2%. Maximum term is five years for assessment and 15 years for remediation.</p>	<p>Banks can provide loans for balance of project costs. They also can provide letters of credit as one of the types of acceptable security for loans.</p>	<p>Scott Dunkelberger Director of Grants Office Pennsylvania Department of Community and Economic Development 494 Forum Building Harrisburg, PA 17120 (717) 787-7120 (717) 772-2890 (fax) E-mail: scott_dunkelberger@dced.state.pa.us Web Site: www.dced.state.pa.us</p>
<p><i>Infrastructure Development Program (IDP)</i></p>	<p>Financing incentive to complement eligible capital improvements by private companies and developers; may be used for public (grants) and private (loans) infrastructure, site preparation, demolition, and rehabilitation activities. Eligible applicants include municipalities, industrial development authorities and corporations, redevelopment and municipal authorities, and local development districts.</p>	<p>Interest rate is currently 3%; term is set by the department depending on the asset financed; maximum loan amount is \$1.25 million. A private match of \$2 for every \$1 in IDP funding must be committed by the company (to be spent within 18 months at the project site) or developer (to be spent within 5 years). Project must create a minimum of one new full-time equivalent job for every \$25,000 in IDP assistance.</p>	<p>State loan is usually subordinated to private-sector financing.</p>	<p>Barbara J. Musko Supervisor Pennsylvania Department of Community and Economic Development 494 Forum Building Harrisburg, PA 17120 (717) 787-7120 (717) 772-2890 (fax) E-mail: barb_musko@dced.state.pa.us Web Site: www.dced.state.pa.us</p>
<p><i>Machinery and Equipment Loan Fund (MELF)</i></p>	<p>Purchase or upgrade machinery and equipment directly related to manufacturing, industrial processing, agricultural processing, and direct mining operations.</p>	<p>Interest rate is between 3.75% and 6.75%; terms to 7 years; loans to \$500,000 or 50% of eligible project cost, whichever is less; 50% private-sector match, including minimum 10% equity required.</p>	<p>Banks may provide financing in conjunction with the program.</p>	<p>Anne D. Cavender Economic Development Analyst II Pennsylvania Department of Community and Economic Development 480 Forum Building Harrisburg, PA 17120 (717) 787-6245 (717) 772-2890 (fax) E-mail: acavende@dced.state.pa.us Web Site: www.dced.state.pa.us</p>

PENNSYLVANIA CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (PDCED)</p> <p><i>Neighborhood Assistance Enterprise Zone Tax Credit Program</i></p>	<p>Qualifying capital investments include costs for improvements to or construction of additions to buildings.</p>	<p>Businesses located in enterprise zones receive state tax credits equal to 20% of eligible costs. A business is limited to \$250,000 in state tax credits per fiscal year.</p>	<p>A bank making a qualified capital improvement to its property within a Pennsylvania-designated enterprise zone requests credits against the shares tax.</p>	<p>Fred Abrams Chief, State Program Division Community Empowerment Office Pennsylvania Department of Community and Economic Development 352 Forum Building Harrisburg, PA 17120 (717) 787-4140 (717) 234-4560 (fax) E-mail: fred_abrams@dced.state.pa.us Web Site: www.dced.state.pa.us</p>
<p>Pennsylvania Community Development Bank (PCD Bank)</p>	<p>PCD Bank is not chartered as a financial institution by the PA Department of Banking or by any federal regulatory agency. It is a program administered by the PA Economic Development Financing Authority. The program provides loans through community development financial institutions (CDFIs) for enterprise creation. Also provides capacity-building grants for community development lending.</p>	<p>Only CDFIs are eligible for the loan fund. Loans to CDFIs will be offered at below-market rates, and the maximum terms are projected to be no more than 5 to 7 years. The minimum principal amount will be \$250,000 over 5 years, and no maximum has been publicized. Both CDFIs and community organizations seeking certification as CDFIs are eligible for capacity-building grants. The maximum grants are \$225,000 for CDFI start-up, \$250,000 for CDFI expansions, and \$100,000 for development services. The end users of the funds will be businesses and non-profit organizations benefiting low- and moderate-income people and/or economically disadvantaged areas. Loans are for small-scale business expansions, new business starts, community facilities (e.g., day care centers), other community development projects, and microenterprises.</p>	<p>Banks can be participating lenders with PCD Bank or can make other investments to support the PCD Bank. Banks can also make loans and grants directly to local CDFIs.</p>	<p>For information on loans and investments: Kimberly Kaufman Executive Director Pennsylvania Economic Development Financing Authority 466 Forum Building Harrisburg, PA 17120 (717) 783-1109 (717) 787-0879 (fax) E-mail: kim_kaufman@dced.state.pa.us Web Site: www.dced.state.pa.us/PA_Exec/DCED/project/project.htm</p> <p>For information on grants: Ed Geiger Community Development Specialist Pennsylvania Department of Community and Economic Development 313 Forum Building Harrisburg, PA 17120 (717) 720-7340 (717) 234-4560 (fax) E-mail: Ed_Geiger@dced.state.pa.us Web Site: www.dced.state.pa.us/PA_Exec/DCED/project/project.htm</p>

PENNSYLVANIA CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT (PDCED)</p> <p><i>Small Business First Fund</i></p>	<p>Land and building acquisition; construction and renovation; machinery and equipment acquisition and installation and working capital.</p>	<p>Loans up to \$200,000 or 50% of total eligible project costs, whichever is less; interest rate is 5%; term up to 10 years for land and buildings, up to 7 years for machinery and equipment, and up to 3 years for working capital; up to \$25,000 is lent for every job created or retained.</p>	<p>Private-sector match is required.</p>	<p>Patricia Brennen Loan Program Director North Central Pennsylvania Regional Planning and Development Commission 651 Montmorenci Avenue Ridgway, PA 15853 (814) 773-3162 (814) 772-7045 (fax) E-mail: pbrennen@ncentral.com Web Site: www.ncentral.com</p>
<p>PENNSYLVANIA DEPARTMENT OF ENVIRONMENTAL PROTECTION</p> <p><i>Recycling Market Development Loan Program</i></p>	<p>Purchase/upgrade of machinery/equipment used by recyclers of municipal wastes or manufacturers using recycled municipal waste materials. Program is limited to marketable grades of paper and to bottles, cans, or jars made from plastic, metal, or glass.</p>	<p>Interest rate is 2%; term to 7 years; loans up to \$500,000; minimum 10% cash equity investment; private match required.</p>	<p>Banks may provide financing in conjunction with the program.</p>	<p>Vincent Tarentino Market Development Coordinator Pennsylvania Department of Environmental Protection 400 Market Street, 14th Floor Harrisburg, PA 17105 (717) 787-7382 (717) 787-1904 (fax) E-mail: tarentino.vince@a1.dep.state.pa.us Web Site: www.dep.state.pa.us</p>
<p>PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY (PEDFA)</p> <p><i>Pennsylvania Capital Access Program (PennCAP)</i></p>	<p>Targeted to all businesses with capital needs; loan guarantee use is for land and buildings, equipment, and working capital; no minimum; maximum to \$500,000; loans can be term or line of credit. PEDFA bond program provides guarantee for bank loans.</p>	<p>Rate and terms are set by participating bank. This loan guarantee program is administered in conjunction with participating Commonwealth banks.</p>	<p>PennCAP is a reserve fund to cover future losses from a portfolio of loans the bank makes under this program.</p>	<p>Kimberly Kaufman Executive Director Pennsylvania Economic Development Financing Authority 466 Forum Building Harrisburg, PA 17120 (717) 783-1109 (717) 787-0879 (fax) E-mail: kim_kaufman@dced.state.pa.us Web Site: www.dced.state.pa.us/PA_Exec/DCED/Project/project.htm</p>

PENNSYLVANIA CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACTS
<p>PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY (PEDFA)</p> <p><i>Taxable Bond Program</i></p>	<p>This bond program is for all types of businesses needing access to low-cost capital; funds are used for land and building acquisition, building renovation and new construction, machinery and equipment acquisition and installation, refinancing, and working capital. Loan <u>minimum</u> is \$400,000, up to 100% of total project costs.</p>	<p>The interest rate varies according to weekly interest rates for bonds backed by letters of credit. The taxable program rate, including all fees, tends to be approximately 90% of prime.</p>	<p>Borrower generally must secure a letter of credit from a bank.</p>	<p>Martin J. Marasco Executive Director Altoona-Blair County Development Corporation 4500 Sixth Avenue Altoona, PA 16602 (814) 944-6113 (814) 946-0157 (fax) E-mail: abcd@abcdcorp.org Web Site: www.abcd.org</p>
<p><i>Tax-Exempt Bond Program</i></p>	<p>Land and building acquisition; renovation and new construction; machinery and equipment acquisition and installation; and tax-exempt bond refinancing.</p>	<p>The interest rate varies according to weekly interest rates for bonds backed by letters of credit. The tax-exempt program rate, including all fees, tends to be approximately 75% of prime.</p>	<p>Borrower must secure a letter of credit from a bank.</p>	<p>Kimberly Kaufman Executive Director Pennsylvania Economic Development Financing Authority 466 Forum Building Harrisburg, PA 17120 (717) 783-1109 (717) 787-0879 (fax) E-mail: kim_kaufman@dced.state.pa.us Web Site: www.dced.state.pa.us/PA_Exec/DCED/Project/project.htm</p>
<p>PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY (PIDA)</p>	<p>Loans to businesses for land and building acquisition, building construction and renovation, industrial park development and multi-tenant spec building construction, acquisition and renovation. Job creation loans are for manufacturing, industrial research and development, agricultural processors, or firms establishing a national or regional headquarters. Job retention loans are for manufacturing firms that meet certain quality standards and county wage thresholds.</p>	<p>Interest rate is from 3.75% to 6.75% depending on local unemployment; term to 15 years; \$15,000 cost per job to be created/retained and \$20,000 cost per job created that meets wage thresholds in that county. Loans up to 40% of PIDA eligible costs or \$1 million loan ceiling, whichever is less. Targeted areas such as enterprise zones may be eligible for up to \$1.5 million at 3.75% interest.</p>	<p>Banks often provide additional financing for projects; a conventional lender generally assumes first position while PIDA assumes second position.</p>	<p>Martin J. Marasco Executive Director Altoona-Blair County Development Corporation 4500 Sixth Avenue Altoona, PA 16602 (814) 944-6113 (814) 946-0157 (fax) E-mail: abcd@abcdcorp.org Web Site: www.abcd.org</p> <p>Gerald Kapp Executive Director Pennsylvania Industrial Development Authority 480 Forum Building Harrisburg, PA 17120 (717) 787-6245 (717) 772-2890 (fax) E-mail: Jerry_Kapp@dced.state.pa.us Web Site: www.dced.state.pa.us</p>

CLEARFIELD COUNTY CREDIT ENHANCEMENT/FINANCING PROGRAMS – SMALL BUSINESS AND ECONOMIC DEVELOPMENT

ORGANIZATION AND PROGRAM	ELIGIBLE USES	RATES AND TERMS LENDING LIMITS	ROLE FOR BANKS	CONTACT
<p>CITY OF DUBOIS REDEVELOPMENT AUTHORITY <i>Revolving Loan Fund Program</i></p>	<p>Loan requests will be considered from industrial and commercial businesses with SIC codes of 7692, 7694, or 8734 and that commit to carrying out job-producing projects within the city of DuBois. Applicants must commit to the creation of one new job within 3 years of loan closing for every \$25,000 in loan proceeds requested. Proceeds can be used for the acquisition of land and buildings, new construction, rehabilitation, machinery and equipment, and working capital.</p>	<p>Loan requests may not exceed 50% of the total project costs or \$50,000, whichever is less. 10% of total project cost must be from owner's own capital, but proceeds may be used in conjunction with any form of public or private financing. Interest rate of 3% ; term of 3 to 5 years for machinery and equipment and 7 to 10 years for land and buildings.</p>	<p>None, but banks should be aware of these funds because they might be involved in a partnership in which these funds are used.</p>	<p>Lance Marshall Executive Director City of DuBois Redevelopment Authority 16 W. Scribner Avenue P.O. Box 711 DuBois, PA 15801 (814) 371-2000 (814) 371-1290 (fax) E-mail: redeve@key-net.net Web Site: none</p>
<p>DUBOIS AREA ECONOMIC DEVELOPMENT CORPORATION <i>Tri-County Loan Pool</i></p>	<p>Businesses in Clearfield, Jefferson, and Elk counties are eligible to apply for gap financing or for funding because they did not meet the requirements for government funding.</p>	<p>No maximum loan amount. 10% of total project cost must be from owner's own capital, but proceeds may be used in conjunction with any form of public or private financing. Interest rate and term of loan are negotiated between borrower and the bank chosen to take the lead on the application.</p>	<p>The loan pool was begun when 7 area banks pledged \$2.5 million to capitalize it. Bank chosen as lead deals directly with the borrower. Banks can also provide technical assistance.</p>	<p>Mary Beth (MB) Stojek Executive Director DuBois Area Economic Development Corporation 33 North Brady Street DuBois, PA 15801 (814) 371-5010 (814) 371-5005 (fax) E-mail: daedc.org@penn.com Web Site: www.daedc.org</p>