

Small Contractor Line of Credit Program Guidelines

October 2025

I. Program Objective

The Small Contractor Line of Credit Program is intended to support construction, architectural, and engineering businesses located within the City of Pittsburgh.

II. Program Funding

The Program will be funded with a combination of private corporate contributions and other local, state, and federal monies as appropriate.

III. Terms and Conditions

Amount: Financing of up to 50% of project costs, from \$25,000 - \$100,000

Interest Rate: 4% if the initial loan is repaid upon contract completion; If not repaid, the loan will term out at 6%.

Line of Credit Term: Eligibility is limited to borrowers who previously utilized the Small Contractor Line of Credit and repaid the original loan in accordance with the time frame established in the loan agreement as determined by the URA. The term for future lending and repayment is no more than **one year**. Borrowers who do not pay off the loan in full at the end of the interest-only period will be charged a 6% interest rate on the remaining balance for a 5-year term. If a borrower repays the loan, they can receive another line of an equal or lesser amount, as long as it is closed within **one year** of the initial closing.

Fee: There is a \$350 application fee, paid annually thereafter for each renewal, and a 2% due diligence, paid once at closing.

Pre-payment penalties: None

Collateral/security:

- An assignment of contract or subcontract payment to the URA is required.
- Personal guarantees or business and corporate guarantees, as appropriate
- Other security as deemed appropriate by the URA
- Additionally, the contract owner may be required to sign a payment directive.

Inspections: The URA will perform inspections or deliverable reviews, as applicable, at set intervals throughout the length of the Line of Credit.

IV. **Eligibility Requirements and Priority Criteria**

Applicants must:

- a. Have a proven track record of successfully executing projects to completion, by providing three project references, as requested.
- b. Identify projects that they are bidding on in which the Small Contractor Line of Credit will be used.
- c. Not have an ownership interest in the project.
- d. Obtain all appropriate permits and authorizations from the City of Pittsburgh's Department of Permits, Licenses and Inspections.
- e. Have between \$50,000 - \$2,000,000 in annual revenue.
- f. Be in good standing with other public debt (including URA) and be current on taxes (individual and business) or have approved payment plans.
- g. Have appropriate business registrations with the City of Pittsburgh.
- h. Provide evidence of business insurance and surety bonds in formats and amounts acceptable to the URA.
- i. Businesses funded with CDBG monies must meet all CDBG eligibility requirements.

Priority will be given to:

- a. Minority and women-owned businesses.
- b. Businesses whose owners are economically disadvantaged.
- c. Businesses bidding on projects in any of the seven Avenues of Hope neighborhoods (Perry North; Perry South; Elliott; Sheraden; Chartiers City; Windgap; Hill District; Larimer; Homewood; Allentown; Beltzhoover; or Hazelwood).

V. **Application Process**

The URA has established written application processes and procedures that will facilitate the application process and will best serve the objective of the Program. The procedures may be amended from time to time at the sole discretion of the URA by direction of the URA Director of Commercial and Business Lending, the URA Executive Director, or the URA Board of Directors.

All applications shall be submitted using URA forms. The Borrower shall submit all information that the URA requires, including any documentation needed to establish the eligibility of the Borrower, its principals and guarantors, if any, and the feasibility of the proposed use.

Line of Credit Approval and Disapproval:

1. The URA, in its sole discretion, may approve or disapprove applications. This program is subject to funding availability.
2. The URA will maintain a log of each application. If the Borrower fails to supply the required documentation within **three months** of the application date, with no justifiable written explanation, the application will be voided and removed from the application file.

3. All applications for the Program will be processed through an internal review and approval process. At the URA's sole discretion, review and approvals shall be conducted by a/the designated review committee. Upon affirmative recommendation from the URA designated review committee, final approval will be made by the URA Director of Commercial and Business Lending.
4. Approval shall be conveyed in a written commitment to the Borrower. Action will not be taken toward closing the Line of Credit until the Borrower executes and returns to the URA a copy of the commitment letter.
5. If an application is disapproved, the URA shall notify the Borrower in writing. If appropriate, the rejection letter shall state the reason for the rejection of the application.
6. Applicants may withdraw their application at any time.
7. If approved, Borrowers will receive pre-approval letters that can be used as part of bids for six months from the date of issue.

Line of Credit Conditions:

1. The Borrower will be required to establish a checking account in the business's name and complete the URA-issued Authorization Agreement for Direct Payments (ACH) form.
2. The Borrower must enter into appropriate loan and security documents as determined by the URA in its sole discretion and agree to all other terms and conditions set forth in the documents provided by the URA.

Draw Process:

No more than 25% of the contract or 50% of the loan amount will be disbursed at closing.

VI. Application Evaluation Criteria

Business Evaluation:

The historical performance of the business will be evaluated, and, if applicable, the proposed owners will be evaluated to assess the ability to repay the Line of Credit. The URA evaluates applications utilizing standard underwriting criteria, including the 5 'C's of commercial credit: character, capacity, capital, collateral, and conditions.

Specifically, this evaluation will include, but is not limited to, the following:

1. Viability of the Business: If applicable, this involves an evaluation of **one year** prior financial performance, including but not limited to an examination of tax returns, bank accounts, balance sheets, income statements and cash flow statements.

2. **Financial Performance of the Owners:** This involves an evaluation of the personal tax returns of the prior year, a personal financial statement, and a credit bureau check. Applicants with poor credit history will be considered but may be required to attend financial literacy workshops as a requirement of the loan conditions.
3. **Management Ability:** This involves an evaluation of the capacity, experience and skills of the proprietor, partners, or directors. This includes general business experience as well as specialized experience in the construction industry.
4. **Public Record Review:** This involves an evaluation of public records of the business and its principals. This includes review of prothonotary records, tax checks, federal excluded party database, and other public record sources.

Project Evaluation:

The merits of the proposed uses of the funds will also be assessed to determine the ability to repay the Line of Credit. Businesses must demonstrate sufficient invoices. Specifically, this evaluation will include contracts: This involves an assessment of the validity of the projects and contracts. The applicant must demonstrate that the business is financially feasible, project costs are reasonable, and the project invoices can repay the Line of Credit.

Public Benefit Evaluation:

The purpose of the Program is to support small construction companies doing business in the City of Pittsburgh.

Line of Credit applications will also be evaluated based on:

1. The nature of jobs created and/or retained per URA dollar invested.
2. The positive impact on the neighborhood and quality of life.
3. The support of minority-owned business enterprises.

VII. Modifications of Guidelines

Any future modifications of these guidelines are under the discretion of the URA Director of Commercial and Business Lending and the Executive Director.

VIII. Notification

The URA reserves the right to:

1. Notify the appropriate community-based organization of applications received from businesses in their neighborhoods.
2. Announce all loan commitments publicly.

IX. Non-discrimination Certification

The Urban Redevelopment Authority of Pittsburgh does not discriminate on the basis of race, color, sex, religion, marital status, disability, age, sexual orientation or national origin. No person, solely on the basis of any of the above factors, shall be

excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the loan and grant programs operated by the Urban Redevelopment Authority of Pittsburgh.

X. Additional Information

For additional information, please contact the URA Commercial and Business Lending department at 412-255-6547 or business@ura.org.

Our TDD number is 412-255-6644.