



U.S. Department of Defense | Office of Strategic Capital

# EQUIPMENT FINANCE

## Build, Modernize, and Expand Operations

### TIME SENSITIVE OPPORTUNITY

The Office of Strategic Capital (OSC) has launched the Department of Defense's first direct loan product to provide equipment finance to U.S. businesses who need flexible financing to unlock growth opportunities, expand manufacturing, and modernize operations. The application window opens on January 2, 2025.

### WHO WE ARE

#### Attracting and Scaling Private Capital

Within the Department of Defense, the Office of Strategic Capital provides loans and loan guarantees to U.S. and international companies who contribute to the production of one or more critical technology areas for national security.

### WHAT WE OFFER

#### U.S. Government-Backed Equipment Financing

OSC will provide corporate loans to businesses seeking to finance investments in equipment and manufacturing. Loan terms will be:

- Structured, long-term direct loans.
- Target loan size of \$10 million to \$150 million.
- Senior or asset-based (e.g., equipment) debt.
- Interest rates based on U.S. Treasury comparable to loan maturity, plus a risk margin.

### HOW TO USE

#### OSC's equipment financing can be used to:

- Purchase new, used, and specialized equipment.
- Build new production lines or modernize manufacturing.
- Refinance debt alongside purchasing equipment.

### HOW TO APPLY

#### OSC will officially open the application period on January 2, 2025.

Applicants should review the Notice of Funding Availability and FAQ prior to beginning the application process. Application details are available at <https://www.osc.mil/>.

To learn more about the OSC and ways to partner with us, please visit: <https://www.osc.mil>

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## EQUIPMENT FINANCE PROGRAM FACT SHEET

The Notice of Funding Availability provides detailed instructions on application eligibility, application requirements, and the application process. Please see our website at <https://www.osc.mil> to determine eligibility and apply.

### SUMMARY OF PROGRAM INFORMATION

#### Eligible Borrower

Borrowers must be U.S. domiciled, the use of proceeds must support U.S. operations, and the project site must be for existing manufacturing facilities.

#### Eligible Projects or Transactions

Eligible projects or transactions must 1) align with eligible covered technology categories and 2) not support a technology that solely has a defense application.

#### Financing Available

OSC will make available loans amounts between \$10 million to \$150 million.

#### Eligible Costs

- Purchase or rehabilitation of equipment.
- Pre-installation costs.
- Ancillary costs.
- Installation costs.
- Appraisal and inspection costs.
- Refinancing costs, on a case-by-case basis.

#### Loan Tenors

The maturity date for direct loans under this program shall be determined depending upon factors specific to the transaction at the time of approval, including the credit risk of the transaction, use of loan proceeds, useful life of the underlying assets, and collateral.

#### Interest Rates

Interest rates based on U.S. Treasury comparable to loan maturity.

#### Prepayment

No prepayment penalties.

#### Non-Subordination

Senior secured or asset-based lien.

#### Repayment Conditions

All loans must be repaid from a non-governmental source (e.g., government contracts; grants; funding).

#### Other Terms and Conditions

OSC reserves the right to determine terms on a transaction-by-transaction basis under this program. Transactions may be subject to such other terms, conditions, covenants, representations, warranties, and requirements as OSC deems appropriate.

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