

Building Development / Expansion Loans

To increase economic activity, we extend permanent mortgage loans to new and expanding businesses that create living wage jobs. These projects are generally for new facilities; capital improvements for expansion of existing facilities or refinance.

Requirement for Community Needs Tracking

- Demonstrated need for job creation and substantial state or local government support is required.
- Periodic reporting is required.

Project/Borrower Characteristics

- Borrower must be financially stable, capable of financially supporting existing or expanded operations and be experienced in, or have support for workforce development.

Other Conditions

- Borrower must be a legally organized entity.
- Borrower should demonstrate the financial resources and capacity to carry any projected short-term operating deficit. Borrower must be able to demonstrate and/or provide a minimum of 2 months interest debt service reserve.
- Projects in communities with substantial unemployment are highly desired.
- Business plan must demonstrate elevated market demand supporting equipment need, from existing market data or current market study. Projections must demonstrate living wage job creation and demonstrate very near-term positive cash flow.
- Debt coverage ratio must be adequate to service the debt being extended and any other existing and potential sources of financing.
- Underwriting based on borrower's historical and projected financial condition and operations; alternate cash flow sources; potential for equity appreciation; industry experience; and the potential for equity contributions from state or local grant sources. General community support, impact and the economic contribution of the project to the community will be considered in underwriting.

Loan Amounts

Minimum: \$50,000
Maximum: \$10,000,000

Rate Structure

Based on current market conditions and risk analysis

Maturity Terms

Loans up to 12 months interest only basis during construction/rehabilitation period, conversion to monthly amortization upon completion; payments based on amortization term up to 20 years, with a 5 year call provision

Collateral

1st or 2nd deed of trust on the site developed or other real estate

Origination Fees

1 to 2% depending on transaction size and complexity

Late Payment Fees

5% to a maximum of \$250 after the 10th day

Prepayment Penalty

Depends on transaction size and funding source

Loan-to-Value Guidelines

Generally 10% equity or down-payment required; up to 100% loan-to-value based on risk analysis

Guarantees

Property owners, principals, partners or majority stockholders generally required; parent organization, if applicable

Environmental Assessments

Phase 1 study required; Phase 2 may be required based on Phase 1 findings; remediation required

Acceptable Equity

Existing balance sheet equity or enhanced equity appreciation based on preliminary appraisal

