

Helping Business Take the Next Step

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Finance Corporation
(MCFC)**

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MCFC Celebrates 25th Anniversary!

September 13, 2009 marked Montana Community Finance Corporation's 25th year anniversary as a CDC!

What is a CDC?

CDC stands for Certified Development Company. CDC's are non-profit corporations certified and regulated by the Small Business Administration to package, process, close, and service 504 loans.

What's 504's history?

In 1953 the U.S. Small Business Administration was created by Congress to provide services to small businesses. Five years later they

established what is known today as the SBA 504 loan program. The SBA 504 Loan Program is an economic development program offering a financing package that stimulates private sector investment in real estate and/or large equipment to increase productivity, create new jobs, and increase the local tax base. The stimulus is provided by making long-term, low down payment, reasonably priced fixed-rate financing to new or expanding businesses which have the highest probability of successfully creating new jobs. Small business owners sometimes have more difficulty getting traditional business financing, the

SBA 504 loan provides financing for them.

What is MCFC's experience?

MCFC has been making SBA 504 loans for 25 years and currently has a 4-person staff with over 80 years of combined commercial lending experience. MCFC is the first and only CDC in Montana with SBA's ALP status. We also have ASM and expedited closing status. These all allow for quicker turn around times with the SBA.

With our history of making small business expansions happen thru the SBA 504 loan program, let our experienced team guide you thru the process.

WHAT IS THE FINANCING STRUCTURE WITH A 504 LOAN?

The SBA 504 loan program can provide up to 90% financing for existing businesses, that means just 10% equity for the small business. The equity requirement increases to 15% if a new business or special purpose building/equipment, or 20% if both apply. The financing comes from a partnership with a financial institution, MCFC and the small business. The funding is typically 50% from the financial institution, 40% from MCFC and 10% from the small business. For example on a \$1,000,000 project the financing structure would be:

Source	Loan Amount	% of Project
Financial Institution	\$ 500,000	50%
MCFC	\$ 400,000+fees	40%
Small Business	\$ <u>100,000</u>	<u>10%</u>
Totals	\$1,000,000	100%

There is no upper limit to project size but there is a minimum of \$100M. Also, the loan financing for MCFC's portion can't exceed \$1.5MM for regular 504 loans but can go up to \$2MM when a public policy goal is met or up to \$4MM if a manufacturer or an energy goal is met. Let us determine the amount we can finance for you.

If you have a project that might benefit, please contact MCFC.

Check out our website at:

www.mtcommunityfinance.org

SBA 504 Overall Effective Interest Rates

	20-year	10-year
Jan	6.67%	n/a
Feb	5.70%	n/a
March	5.60%	5.07%
April	5.25%	n/a
May	5.37%	4.49%
June	5.90%	n/a
July	5.24%	4.37%
Aug	5.39%	n/a
Sept	5.14%	4.26%