



# Portfolio News

A quarterly update from Cambridge Capital Management Corp.™  
professional manager of non-traditional financing sources

Cambridge Capital  
Management Corp.

Second Quarter 2016

## Use the 504 Program to Refinance Fixed Asset Debt

Here's good news for small business owners and commercial lenders: We're happy to announce that the popular SBA 504 refinance program is "all-the-way back." Indiana Statewide CDC is preparing refi loans for submission right now.

You know the 504 loan program: It provides approved small businesses with long-term, fixed rate financing for acquiring fixed assets (real estate, buildings or equipment.) Indiana Statewide CDC (thanks to many of you!) has provided more than \$470 million to 1,169 Indiana companies since 1983, creating or saving 28,000 Hoosier jobs.

What do we mean, "all the way back?"

Refi was intended for a limited run when Congress authorized it in 2012, nearly 30 years after the SBA 504 program was created. Refi proved to be a great tool for lenders to devote to their small business borrowers. (Ambitious borrowers, the people who make our economy grow.)

A limited refi program continued after the trial ended in 2013. It allows borrowers to refinance an additional 50% of additional 504 debt that includes an expansion. "Expansion" includes any project that involves the borrower's acquisition, construction or improvement of land, building or equipment.

"All the way back" means simply that refi now applies to projects that do not include expansion. CDC's around the country are allowed to refinance up to 50% of their total loan amounts the previous year. Indiana Statewide CDC has \$13.8 million available, based on their 2015 level of approved loans. This is the most capacity of any Indiana CDC.

### The return of full 504 refi

In Indiana, there is \$34.6 million available (from all CDCs) for refi projects that are approved before September 30, 2016. A new amount will be announced on October 1 to be used by September 30 next year.

The program has the following parameters:

- \*85% of the debt being refinanced must have been used to fund eligible fixed assets (land, building and/or equipment)

- \*The loan must have been outstanding for at least 2 years and must have been current for at least the last 12 months

- \*If the borrower is only refinancing existing debt, the limit is 90% of the value of the property

- \*The borrower will also be able to access a limited amount of working capital. This portion is limited to 25% of the appraised value of the fixed assets. If they are accessing working capital and refinancing debt, the total cannot exceed 75% of the value of the property

How can a bank small business lender benefit from this opportunity?

- \*Review existing clients to see if they have equity locked up in real estate and could benefit from freeing up capital for other business needs

- \*Look for high priced debt on a borrower's balance sheet that could be replaced by attractive 504 terms (20 year fixed rate, currently 4.23%)

- \*What's going on around your market? Look for new customers who would find this structure attractive

Let's get going! Call Sandy McCleese or Kim Barnes at (317) 844-9810 at Indiana Statewide CDC to inquire about putting SBA 504 financing, and refinancing, to work for you and your small business borrowers.

## Indiana Statewide Certified Development Corporation

The "effective" interest rates include the monthly amortization of the notes and the monthly payment of servicing fees.

### Effective Interest Rate

2016	10-yr.	20-yr.
April	—	4.31
May	4.19	4.32
June	—	4.23



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# Indiana Statewide Certified Development Corporation

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B-Tech Fire & Security bought and moved into a bigger building near downtown Bloomington last year, three years after brothers Aaron and Jason Breeden founded the company.

B-Tech installs, services and inspects fire and security protection systems for residential and commercial customers. The company's ten technicians serve Monroe County and most surrounding communities and reach as far as Columbus, Terre Haute and Evansville.

German American Bank, Bloomington, and Indiana Statewide CDC provided financing to help B-Tech buy their building.

Aaron Breeden says, **"We are fortunate; our business is doing great and growing a little faster than we imagined. The SBA 504 loan allowed us to buy the building at a discount and get a low, fixed interest rate."**

Mark Franklin of German American Bank says, **"This is an exciting opportunity for Aaron and Jason. The new office allows them a convenient location in town to mobilize their workforce and be highly visible to their customers."**

**"The 504 program is a great fit for B-Tech. The loan program allowed them to conserve working capital to fund their growth. Without the reduced equity injection requirements through the 504 program, the company would have had to otherwise delay hiring new employees and taking on additional work for their clients,"** Franklin says.

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage financing for

### B-Tech Fire & Security Bloomington

In participation with  
**German American Bank**  
Bloomington



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## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

### Bendle Lawn Equipment Anderson

In participation with  
**First Merchants Bank**  
Anderson



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Bendle Lawn Equipment has two locations in Anderson and Pendleton.

Chuck Riddle remembers when his company had just two *employees*. That was after Chuck opened a lawn mower repair shop in his and wife Janice's garage to help them through a General Motors layoff. The temporary job turned into a thriving business with 24 employees. Bendle's is now headed by their son Dean Riddle and his wife, Laura.

With SBA 504 financing from First Merchants Bank and Indiana Statewide CDC, Dean purchased and remodeled a former Big R store. It's now the new Bendle power equipment retail and repair shop along State Road 9 north of Anderson. It's seven times larger than Bendle's previous store that dates back to 1981.

Aaron Reger of First Merchants says, **"The opportunity to work with Indiana Statewide allows Bendle to maintain more working capital to expand their business at their new and improved location."**

Dean Riddle says, **"The bank and CDC were courteous and helpful. The 20-year fixed rate is a big help with our budgeting."**

Bendle sells and services top brands of such power equipment as blowers, brush cutters, chain saws, edgers, hedge trimmers, lawn mowers, lawn tractors, pole pruners, pressure washers, shredders, snow throwers, tillers and mowers.

North American Cold Storage is off to a fast start. The company was just founded in 2013 but even as they built the modern cold storage and distribution center for frozen and refrigerated foods they quickly needed to expand.

They used SBA 504 financing to build their first building in Woodburn, just outside Fort Wayne. Work on the second phase of the expansion, expected to be complete this summer, began as soon as the first was finished in 2015.

Michael Betten and Scott Parker worked with 1st Source Bank and Indiana Statewide CDC for SBA 504 financing.

In press releases and social media, North American says its greater capacity and improved technology includes high efficiency evaporator and condenser design, specialty dock doors for dropped trailers, 43-foot-high shelving with easy-reach picking, bar code, tracking and environmental management technology. The improvements help North American remain price competitive and reduce the company's impact on the environment.

Cecile Weir of 1st Source Bank says, **"The 504 product was a good fit for this construction project as it offered a very low 20 year fixed rate for a large portion of the financing, lowering the overall debt service to North American Cold Storage."**

## Indiana Statewide Certified Development Corporation

Permanent fixed-rate second mortgage & equipment financing for

### North American Cold Storage Inc. Woodburn

In participation with  
**1st Source Bank**  
Fort Wayne



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## Credit Corp. Elects Board and Officers

Mezzanine funding from member banks and the Indiana Community Business Credit Corp. adds a needed layer of risk financing to a borrower's financial package. And it's an opportunity for our member banks to reach deeper into their communities.

So, it is with gratitude that we acknowledge the elections of the Credit Corp. Board of Directors and Officers, all of whom serve as volunteers.

Re-elected as Officers at the Credit Corp. spring meeting were:

President: Mike Newbold of Huntington Bank  
Vice President/Treasurer: Mark Kugar of BMO Harris Bank  
Secretary: Jean Wojtowicz of Cambridge Capital Mgmt.



Re-elected as Directors for three year terms through 2019 were:

Tony Albrecht of Lafayette Bank & Trust  
Bill Ammerman of PNC Bank  
Archie Brown of MainSource Bank  
Mark Kugar of BMO Harris Bank

Three first-time members joined the Credit Corp. Board of Directors:

Two Year Term:

Erik Miner of Regions Bank  
Doug Talley of The National Bank of Indianapolis

Three Year Term:

Jim Alender of Salin Bank

The Credit Corp. has been assisting lenders and borrowers since 1986 when it was formed to meet the need for medium and long term growth financing for promising firms which needed more growth capital than what could be provided by conventional loans. We can structure a financing package that is personal to the particular needs of the applicant. To date we have provided more than \$61.9 million to 51 companies.



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## Lynx Capital Corp.

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### Minority Business Funder Lynx Capital Elects Board and Officers

Lynx Capital Corp. is one of Indiana's oldest and most successful alternative lenders that focus on minority-owned businesses. Lynx was established in 1991 to create, expand and support firms owned by racial minorities.

To qualify for Lynx funding, a company must be at least three years old and have five employees. Several Lynx borrowers were larger, but the firms that just met requirements used Lynx funding to launch growth. Lynx firms include long and short haul truckers, metal fabricators and corporate interior designers plus many more.

At Lynx's recent annual meeting, elections were held for volunteer Officers and Directors of the Lynx Board.

Tom Grein of Eli Lilly & Co. was re-elected as president of the board. Joining him in re-election as Officers were: David Kretschmer of Anthem as treasurer and Jean Wojtowicz of Cambridge Capital Management Corp. as secretary.

Rick Lux of R.P. Lux Company joins the board to fill a one-year term expiring in 2017 and Rob Olds of Regions Bank and Phil Bounsall of Walker Information joined the Board filling a three year term.

Re-elected to three year terms expiring in 2019 were: Sara Mamuska-Morris of Citizens Energy Group, Tim Massey of BMO Harris and David McNeely of PNC Bank.

