

# REVOLVING LOAN FUND



## MBC DEVELOPMENT CORPORATION

MBC Development Corporation (MBC) is a local, not for profit Community Development Corporation (CDC). It was created to assist and encourage expansion and diversification of the employment base in Montgomery County and the towns of Blacksburg and Christiansburg. MBC provides loans to small businesses on terms not always available from traditional lending institutions. MBC was initially capitalized with grants of the U.S. Economic Development Administration and local banks.

## PURPOSE OF THE FUND

The purpose of the revolving loan fund is to supplement, not substitute, private sector investment and loans from local banks. MBC seeks to fund business where a financial supplement may be needed to “bridge” the gap between private investment and traditional borrowing.

## COMPANY ELIGIBILITY:

Eligibility is limited to small businesses that create basic employment in Montgomery County, including Blacksburg and Christiansburg, since basic employment brings new income into the county, stimulates additional employment, and is the basis for further economic growth. These businesses or functions must directly or indirectly derive more than 50% of their revenues from out of county sources. Examples of basic employers include:

- Manufacturing
- Corporate headquarters
- Information technology and software
- Biotech and life sciences
- Research and development

Retail trade companies are not eligible to apply.

## QUALIFYING USES OF FUNDS

Funds from the revolving loan fund may be used for the purchase of machinery and equipment or acquisition of certain fixed assets to accommodate the growth of the business. Generally funds are not approved for debt consolidation, re-payment of existing debt, speculative development or toward the improvement of real estate needed.

## APPLICATION & SCREENING PROCESS

The revolving loan fund may be a viable solution for financing your small business. Applicants must prepare and submit the following information:

- A comprehensive business plan
- Related financial documents
- An MBC loan application

MBC carefully screens all applicants weighing a variety of factors including: credit worthiness, collateral, financial strength and stability of the business or business entrepreneur, and the positive contribution or financial impact the business may offer to the community. MBC recommends that all start-up business applicants seek professional assistance to compile financial statements and/or the company's business plan.

The MBC Investment Committee and MBC Board of Directors underwrite all loan requests, on a case by case basis; the Board's actions are not limited, or restricted, to precedent actions.

## PAST PROJECTS

Since 1985, the MBC Development Corporation has provided over 32 small business loans totaling \$1.25 million. Examples of a few companies who have secured financing through the MBC include:

- Producer of air data and flow measurement systems
- Industrial building owner
- Technical problem identification and applying science and engineering to generate innovative solutions
- Independent testing laboratory
- Water purification and wastewater treatment

## LOAN TERMS

Typically, the loan period is five years or less, making it a short-term loan. The amount of the loan is determined by need and availability of funds, generally, \$25,000 to \$50,000. Repayment terms require monthly or quarterly payments of principal and interest. Depending upon the number of criteria met, the interest rate charged on the loan can range from a "below market" rate, to an "at-the-market" rate, to an "above market" rate.

While there are restrictions, there are also many benefits to receiving a loan from MBC. Unlike many conventional loans, the terms and conditions are negotiated based on the applicant's ability to pay. This makes the loan appealing for small businesses. In addition, the interest rates are flexible and are typically below market rates.

## HOW TO CONTRIBUTE TO THE FUND

The MBC Development Corporation is continually seeking capital investments from the public and private sector to enhance its loan fund balances. MBC established its initial loan fund from investments contributed by two local banks, Union Bank & Trust and the National Bank of Blacksburg, (NBB). Additional funding was provided by the USDA Rural Development's Rural Business Enterprise Grant program and, in 1995, an investment by BB&T added to the MBC's available lending base. In 2008, SunTrust contributed to re-capitalize the fund.

**This institution is an equal opportunity provider, and employer.**