Downtown Revitalization Workshop

Jamie Cumbie
MidAmerica National Bank
Western Illinois Community Development Corp
From a Community Bank’s Standpoint....

~ What’s good for our community is good for us.

~ Beneficial to the bank to loan money and build relationships for good projects
From a Community Bank’s Standpoint....

• What assistance do we offer?

~ Anything that you need money for, we’ll look to accommodate.....
  * Commercial real estate loans to purchase a site
  * Construction loans to build or renovate
  * Purchase furniture, equipment, signage, etc

~ Might be term loans, lines of credit, construction loan....whatever makes sense for the purpose of the loan.

~ In addition to the funding needs, use as a resource and an advocate.
From a Community Bank’s Standpoint....

• What kinds of projects might we get involved in?

  ~ short answer...

  ~ site purchase, construction & renovation, purchase of items needed inside the building, etc.
From a Community Bank’s Standpoint....

- What is expected of the developer?

  ~ Information

  * Confidence in the developer: previous experience, organization, planning, liquidity, ability to manage the project.

  * Confidence in the project: need for the project, projections, contingency plans, long term plans, etc.
From a Community Bank’s Standpoint....

• How does the process work?

  ~ Educate us
      the need for the project, the confidence in the developer to handle the project, financial projections, contingency plans

  ~ We underwrite
      We analyze the information to identify risks. Determine what risks can be mitigated, and determine our level of comfort with those risks.

  ~ Mutual decision to pursue the financing.

  ~ Additional items such as appraisal, title work, etc.

  ~ Loan closing.
Western Illinois Community Development Corporation

• History of WICDC

~ General purpose was to promote economic development that will retain and create new jobs.

~ In 1991, 7 area banks came together to pool some resources in an effort to provide primarily mezzanine financing to achieve the above purpose.

~ Intended to be financing vehicle that supports other economic development groups in the area. Assist projects that can not be fully banked in a traditional manner.

~ Today there are 6 banks that provided capital on the board. Additional economic developers sit on the board as well.
From a Community Development Corporation standpoint....

- What assistance do we offer?
  ~ Primarily mezzanine financing (behind a primary bank).
  ~ Term loans, lines of credit, etc.
  ~ Typically a lower rate than traditional bank’s rate
  ~ No dollar limit, but WICDC has capital limits

- What kinds of projects might we get involved in?
  ~ Similar to banks
From a Community Development Corporation standpoint....

• What is expected of the developer?
  ~ Similar to banks.

• How does the process work?
  ~ Start with your bank.
  ~ The banker “sponsors” your project to the WICDC, shares information and underwriting provided.
  ~ WICDC board makes the decision.
  ~ If approved, loan closes, generally in conjunction with traditional bank financing.
Final Thoughts

• In bank’s best interest to make loans
  • The “hoops” it may seem like you have to jump through are generally either
    • regulatory driven
    • or driven by the bank trying to become more comfortable with the project’s risk.

• Relationship banking

• Relationship doesn’t end when the loan is closed.