

Downtown Revitalization Workshop

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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.