



Suburban Development Council, Inc.

## SDC MORTGAGE GUIDELINES

*June 1, 2011 – August 31, 2011*

### SDC PROGRAM

The Suburban Development Council (SDC) is a private non-profit organization which was created in 1983 by the Montgomery County Industrial Development Corporation (MCIDC). Neither organization is connected with local, county, state or federal government. SDC has a privately funded loan program which is directed toward small companies seeking financial assistance. SDC offers low interest rate loans for the acquisition, renovation or expansion of real estate facilities for use primarily by the applicant.

Under the SDC program, SDC would lend a minimum of \$50,000 to a maximum of \$500,000 in participation on a larger loan with any of the pre-approved banks, State or Federal lending agencies (see attached list) or with any other lender approved by SDC. Where warranted, SDC would lend directly to an Applicant up to \$500,000 without the involvement of the above referenced participants provided the minimum and maximum lending criteria are applied consistently. The bank loan(s) would be at rates of interest negotiated directly with your bank. The SDC interest rate will be established from time to time by the SDC and may change based on market conditions. The current SDC interest rate is equal to 4.50%. Once the loan has been funded, the SDC interest rate will then be reset every five years thereafter at a rate equal to the yield on the Five-Year Treasury Note plus 300 basis points but in no event will that reset rate be lower than the initial rate of the loan. The duration of the SDC participating first mortgage loan would match that of the participating first mortgage bank loan, but not longer than 10 years and with a loan amortization schedule not to exceed 20 years.

### INSTRUCTIONS

After our initial discussion, if the SDC Mortgage Program seems appropriate, please complete the SDC Application including the additional documentation and information specified on page four and please return to the SDC office.

### TIME FRAME

We understand that timing is everything in a real estate transaction. Once a **fully** completed application is presented to us, we can perform a financial review of your project, present your project to our loan committee, and if your project is approved, provide you with a formal commitment letter. In the absence of any unforeseen underwriting delays or requests for additional information, the approval process typically takes thirty (30) days from the SDC receipt of the **fully** completed application.

## SDC FEES

The applicant is responsible for fees (as per the attached Fee Schedule). The legal fee for SDC's counsel will be payable at the time of closing and an estimate of those costs will be provided once the loan has been approved.

## SDC GUARANTEE/ COLLATERAL REQUIREMENTS

SDC requires the personal guarantees of all of the firm's principals and, if appropriate, their spouses. This includes all proprietors, partners and stockholders of the firm(s) to occupy the proposed SDC-financed premises.

In addition, SDC may require other collateral including, but not limited to, other guarantees and/or liens on project and non-project properties, and/or marketable securities, once it has received and reviewed a detailed application.

## LOAN CLOSING

SDC funds are not available during construction period and therefore; construction and major renovations must be completed prior to closing on the SDC loan. A bank-funded "bridge" loan is usually used for this phase. Since SDC's Mortgage Fund is invested, SDC would like to be notified not less than 45 days prior to closing in order that sufficient funds may be made available in time for such closing.

# SDC

Suburban Development Council, Inc.

## SDC FEE SCHEDULE

The following is a fee schedule for professional services associated with the application:

SDC APPLICATION FEE: \$250.00 (Due with the Application Submission payable to SDC)  
(Note: Applicant will receive a one-year membership to the SDC affiliate, Montgomery County Economic Development Corporation (MCEDC), and all the value and benefit of this membership with the payment of this application fee. The MCEDC application is attached and the completion of this application is required in order to receive this one-year membership).

FINANCIAL REVIEW FEE: NONE

COMMITMENT FEE / LOAN ACCEPTANCE FEE: SDC will receive a portion of the Participating Bank's Commitment Fee. The SDC fee will be calculated at ½ of 1% of the SDC portion of the Participating Bank's First Mortgage amount.

**Note: If the loan does not go to closing, the applicant shall pay counsel directly for any legal fees incurred.**

SDC SOLICITOR ESTIMATED FEE FOR LOAN PARTICIPATIONS WITH BANKS: This fee will normally be between \$400 and \$1,000 (plus costs) provided there are no excessive changes made to the documents.

SDC SOLICITOR ESTIMATED FEE FOR LOANS ORIGINATED BY SDC: This fee will normally be between \$1,350 and \$2,250 (plus costs) provided there are no excessive changes made to the documents.

The above referenced fees represent fees which will be charged by SDC and do not include other normal closing costs such as bank fees, title insurance, attorney's fees, etc.

Prepayment Penalty – The SDC Loan may be subject to a prepayment penalty as defined by the participating lender. Where the participating lender has no prepayment penalty or in the case of SDC Direct Loans to an applicant without a participating lender, a prepayment penalty if the loan is paid in full prior to the third anniversary of the SDC Loan closing will be due. (SDC prepayment penalty is calculated as follows: during year 1 – 3% of the outstanding principal balance, during year 2 – 2% of the outstanding principal balance, during year 3 – 1% of the outstanding principal balance).

If you have any questions regarding this schedule, please feel free to contact the SDC/MCEDC staff.

We the undersigned understand the Fee Schedule and agree to pay said fees.

Agreed to and accepted by:

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Date



# Membership Application

Company Name			
Address			
City, State, Zip			
Main Phone Number		Fax Number	
Web Site Address			
NAICS Code			

**Description of Services**

--

**Annual Membership Dues**

Small Business Membership 2-5 Contact Names \$250.00 annually	1. Primary Contact Name & Title:
	Direct Dial #:
	Email Address:
	2. Additional Contact Name & Title:
	Direct Dial #:
	Email Address:
	3. Additional Contact Name & Title:
	Direct Dial #:
	Email Address:
	4. Additional Contact Name & Title:
	Direct Dial #:
	Email Address:
	5. Additional Contact Name & Title:
	Direct Dial #:
	Email Address:

**Use of Company Logo**

One of the benefits of an MCEDC Membership is having your logo on our website with a direct link to your site. If you would like to take advantage of this benefit, please email a corporate logo (468 pixels wide x 86 pixels high) to [jotto@montcoedc.com](mailto:jotto@montcoedc.com). As an alternative, you can also check the box below to give us permission to copy an image of your logo from your website.

**Yes**, please copy our logo from our website and post on the members section of the MCEDC website.

**Please make your check payable to SDC.**