



Loan Guarantees

MassDevelopment provides direct loans and partners with banks to provide loan participations and loan guarantees to manufacturers, commercial/industrial businesses, developers, and nonprofit organizations. MassDevelopment can provide a guarantee on a portion of a bank real estate loan, a charter school loan, a tax-exempt bond, and a loan to companies that export products to international markets.

Export Guarantees

This program supports lending institutions on term loans, equipment loans, real estate mortgages, and working capital loans to exporters. Eligible companies are Massachusetts manufacturers that currently export or are considering exporting. Borrowers may be eligible for up to 100% financing for the purchase of new machinery and equipment using MassDevelopment's 70% Export Guarantee. Working capital loans or lines of credit may also be guaranteed using MassDevelopment's Export Working Capital Guarantee or MassDevelopment's Export Insurance Program through the Export-Import Bank. The maximum guarantee available is \$500,000. A fee equal to 2% of the amount of the guarantee is due at closing plus an annual premium of 0.5% of the guarantee amount.

Mortgage Insurance Guarantee

The Mortgage Insurance Guarantee encourages private sector investment by guaranteeing a portion of bank loans or tax-exempt bonds purchased by banks. MassDevelopment can guarantee up to a maximum of 90% of the value of the primary real estate collateral for the loan, allowing banks to lend above their LTV guidelines for new or existing credits. The maximum amount of the guarantee is \$2 million. The guarantee amortizes dollar-for-dollar with principal repayments on the loan. The maximum term is 10 years, although the lender can cancel the guarantee at any time without penalty. MassDevelopment's annual premium for this credit enhancement ranges from 2% to 3% of the amount of the guarantee.

Charter School Loan Guarantees

This program allows lenders to finance the acquisition, renovation, or improvement of real property used by licensed Charter Schools in the Commonwealth of Massachusetts. This guarantee allows lenders to finance up to 100% of the lesser of cost or value of the underlying real estate. Facilities owned or leased by Charter Schools are eligible. The maximum amount of the guarantee is the lower of 50% of the debt or \$3 million for owned facilities and the lower of 90% of project costs or \$1 million for leased facilities. The guarantee amortizes on the same schedule as the principal balance on the loan. MassDevelopment charges an annual premium of 0.5% of the guarantee amount.

NEW - Working Capital Loan Guarantee for Manufacturers

MassDevelopment's newest guarantee product allows banks to make larger working capital loans to manufacturing companies by providing a guaranty of up to 25% of the amount outstanding on a revolving line of credit. The guaranty terminates with the maturity of the line of credit and will be considered for renewal on the same cycle as the bank, but no less frequently than every three years.

Term working capital loans may also be guaranteed in a fixed amount equal to no more than 25% of the bank's loan amount. The guarantee amortizes dollar for dollar with the underlying term loan for up to five years. MassDevelopment charges an annual fee equal to 1% of the guaranty amount as long as the guaranty is outstanding.





Case Studies

Comprehensive Mental Health Systems, *Westport*

MassDevelopment issued a \$2,060,000 tax-exempt bond on behalf of Comprehensive Mental Health Systems (CMHS) Inc., which provides therapeutic and rehabilitative services to disabled individuals in southeast Massachusetts. CMHS used bond proceeds to buy a building in Dartmouth that it will use as a residential group home. The organization also used proceeds to buy land in Westport, to build and equip a residential group home, and to refinance past debt. MassDevelopment enhanced the bond with a guarantee, and BayCoast Bank purchased the bond.

Foxborough Regional Charter School, *Foxborough*

MassDevelopment issued a \$10 million tax-exempt bond on behalf of Foxborough Regional Charter School (FRCS), which serves students in Foxborough and nearby communities. FRCS will use bond proceeds to buy and renovate a building behind its existing campus. FRCS will also use bond proceeds to make sidewalk and road improvements; to build a gymnasium addition to the new school building; and to update furniture, fixtures, and equipment. MassDevelopment enhanced the bond with a Charter School Mortgage Guarantee, and Eastern Bank purchased the bond.

RiverWalk Brewing Company Inc., *Amesbury*

MassDevelopment provided a \$680,000 export equipment loan and a \$476,000 export guarantee to RiverWalk Brewing Company Inc. in Amesbury. The brewery outgrew its existing location and is relocating to a new facility in Newburyport. Loan proceeds are being used to purchase a new brewing system, clarifying tanks, canning tanks, and a canning line.

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