

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 Guaranty. Working capital loans or lines of credit may also be guaranteed using MassDevelopment's Export Working Capital Guaranty or MassDevelopment's Export Insurance Program through the Export-Import Bank. The maximum guaranty available is \$500,000. A fee equal to 2% of the amount of the guaranty is due at closing plus an annual premium of 0.5% of the guaranty amount.

Mortgage Insurance Guaranty

The Mortgage Insurance Guaranty 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 guaranty is \$2 million. The guaranty amortizes dollar-for-dollar with principal repayments on the loan. The maximum term is 10 years, although the lender can cancel the guaranty at any time without penalty. MassDevelopment's annual premium for this credit enhancement ranges from 2% to 3% of the loan balance.

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 guaranty 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 guaranty 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 guaranty amortizes on the same schedule as the principal balance on the loan. MassDevelopment charges an annual premium of 0.5%.

NEW - Working Capital Loan Guaranty for Manufacturers

MassDevelopment's newest guaranty product allows banks to make larger working capital loans to manufacturing companies than they would normally make under their existing advance rates. Eligible borrowers are manufacturers that conduct their primary operations in Massachusetts. A fixed guaranty to the lender of up to \$1 million will cover advances up to 25% above the lender's maximum allowable advance rate under its current formula. 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

Berkshire Retirement Home, Inc.

Pittsfield

MassDevelopment has issued a \$12 million tax-exempt bond on behalf of Berkshire Retirement Home, Inc., which operates Berkshire Place in Pittsfield. The organization will use bond proceeds to buy land in Pittsfield, demolish existing buildings on that parcel, and build and equip a 40,000-square-foot facility that will have 54 Medicare-certified skilled nursing beds. Berkshire Place provides skilled nursing and rehabilitation, long-term care, residential care, and respite care services. NBT Bank, Adams Community Bank, and Glens Falls National Bank purchased the bond. The bond was also enhanced by a MassDevelopment guaranty.

Triple Play Car Wash LLC

Attleboro

Sovereign Bank provided Triple Play Car Wash LLC of Attleboro a \$7.5 million loan to refinance existing debt. The loan was supported by a \$540,000 MassDevelopment mortgage insurance guaranty. Original loan proceeds were used to purchase land and construct a convenience store, gas station, car wash, and a car detailing center.

Jimary Land Trust LLC/Jimary Series LLC

Gloucester

MassDevelopment provided a \$1.8 million real estate loan to Jimary Land Trust LLC and Jimary Series LLC of Gloucester. The loan was supported by a \$307,500 MassDevelopment mortgage insurance guaranty. Proceeds of the loan and guaranty, which are in participation with Rockport National Bank, were used to purchase eighteen properties in Gloucester.

MassDevelopment Regional Offices

Central Massachusetts

89 Shrewsbury Street, Suite 300
Worcester, MA 01604
508.363.2799

Devens

33 Andrews Parkway
Devens, MA 01434
978.784.2900
DevensCommunity.com

Greater Boston

99 High Street
Boston, MA 02110
617.330.2000

Northeastern Massachusetts

360 Merrimack Street, Building 5
Lawrence, MA 01843
978.459.6100

Southeastern Massachusetts

275 Martine Street, Suite 201
Fall River, MA 02723
508.678.0533

Western Massachusetts

1350 Main Street, Suite 1110
Springfield, MA 01103
413.731.8848



To learn more call 800.445.8030 or
visit MassDevelopment.com today.

MassDevelopment. Way to grow.