



SAMPLE 504 PROJECT

1 Prairie Drive
Slayton, MN 56172

Use of Proceeds

Purchase Land	\$ 50,000
Building Construction	\$ 750,000
Equipment Acquisition	\$ <u>200,000</u>
TOTAL	\$ 1,000,000

Financial Package

Bank (50%) <i>(Bank rate TBD, at least a ten year loan, and bank takes first mortgage)</i>	\$ 500,000
Prairieland EDC Debenture (40%) <i>(Loaned at a fixed rate, 20-year term, and Prairieland EDC takes second mortgage)</i>	\$ 400,000
Equity Injection <i>(Cash that is not borrowed, cash that is borrowed under limited circumstances, land equity if owned 2+ yrs {appraisal required}, & standby debt)</i>	\$ 100,000

Debenture Pricing

Net Proceeds Required	\$ 400,000
Funding Fee (\$400,000 x 1/4%)	\$ 1,000
Prairieland EDC Processing Fee (\$400,000 x 1 1/2%)	\$ 6,000
Legal Closing Costs	\$ <u>1,750</u>
Subtotal:	\$ 408,750
Underwriter's Fee (\$408,750 x 2/5%)	\$ 1,635
Total Fees	\$ <u>10,385</u>
Subtotal:	\$ 410,385
Rounded to nearest \$1,000 for actual Debenture Amount	\$ 411,000
Difference returned to Borrower after closing	\$ 615

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Helping to grow one business at a time.

Equal Opportunity Lender, Provider, Employer



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Interest Rate

Borrowers effective interest rate is determined at the time their bonds are sold. The rate is market driven and therefore reflective of long term rates at the time of sale. The current rate for last months sales is found on the Prairieland EDC homepage.

The Servicing Fees below are built into the effective rate of interest, as stated above. In addition, these fees are adjusted at five-year intervals based on the outstanding principle amount at that time.

Prairieland EDC Servicing Fee	0.625% annually on outstanding
SBA Guarantee Fee	0.749% annually on outstanding (as of Oct. 1st, 2010)
Central Servicing Agent Fee	0.100% annually on outstanding

Other Information

CDC attorney prepares the debenture loan documents. CDC legal fees are added to the debenture amount. Out-of-pocket cost will be issued at the time of closing. In addition, the participating bank must pay 1/2% fee to SBA on the permanent first mortgage amount at closing.