



MBC

Montgomery-Blacksburg-Christiansburg

Development
Corporation

Revolving Loan Fund

What is the MBC Development Corporation?

MBC Development Corporation (MBC) is a local, not for profit, Community Development Corporation (CDC). It was created to assist and encourage expansion and diversification of the employment base in Montgomery County and the Towns of Blacksburg and Christiansburg. MBC provides loans to small businesses on terms not always available from traditional lending institutions. MBC initially was capitalized with Grants of the Federal Economic Development Administration and local community banking institutions.

Purpose of the Fund

The loan fund is intended to supplement, not substitute for, private sector capital investment and small business loans from traditional sources. MBC seeks to fund small business needs where a financial supplement may be needed to “bridge” the gap between private investment and traditional borrowing.

Who’s Eligible to Apply?

Only companies in Montgomery County or the Towns of Blacksburg and Christiansburg may apply for an MBC loan. Furthermore, businesses involved primarily in General Retail Trade are not eligible for MBC loans. The recipients of MBC loans are small businesses that are deemed to have potential for growth and success in their area of expertise or specialization.

MBC carefully screens all applicants weighing a variety of factors including: credit worthiness, collateral, financial strength and stability of the business or business entrepreneur, and the positive contribution or financial impact the business may offer to the community. The MBC Board of Directors highly suggests start-up businesses obtain professional assistance to compile financial statements and/or the company’s business plan.

Uses of an MBC Loan

Funds from an MBC loan may be used for the purchase of machinery and equipment or

acquisition of certain fixed assets, or as funding used toward the improvement of real estate needed to accommodate the growth of the business. Generally funds are not approved for debt consolidation, re-payment of existing debt, or speculative development.

Loan Terms

Typically, the loan period is five years or less, making it a short term loan. The amount of the loan is determined by need and availability of funds (generally, \$25,000 - \$50,000). Repayment terms require monthly or quarterly payments of principal and interest. The interest rate is typically a fixed rate of 75% of Prime on the date the loan is approved.

The MBC Investment Committee and MBC Board of Directors approve all loan requests, on a case by case basis; the Board's actions are not limited, or restricted, to precedent actions.

While there are restrictions, there are also many benefits to receiving a loan from MBC. Unlike many conventional loans, the terms and conditions are negotiated based on the applicant's ability to pay. This makes the loan appealing for small businesses. In addition, the interest rates are flexible and are typically below market rates.

How to Apply?

MBC may be a viable solution for financing your small business. Applicants must prepare and submit:

- A comprehensive business plan
- Related financial documents
- An MBC loan application

If you are interested in receiving more information about MBC Development Corporation, please contact the Montgomery County Department of Economic Development at (540) 382-5732.

Past Projects

The MBC Development Corporation has loaned more than \$1 Million to local businesses since it was founded in 1990. MBC's activities have included the financing of:

- New equipment
- Real estate and facility up-fit/renovation
- Community related projects

Contribute Capital to the Loan Fund

The MBC Development Corporation is continually seeking capital investments from the public and private sector to enhance its Loan Fund balances. MBC established its initial Loan Fund from investments contributed by two local banks, StellarOne (previously the First National bank of Christiansburg) and the National Bank of Blacksburg, (NBB).

Additional funding was provided by the Economic Development Authority's Rural Enterprise Grant program and, in 1995, an investment by BB&T (previously First Virginia Bank) added to the corporation's available lending base. In 2008, SunTrust committed to assist in re-capitalizing the fund.

If you are interested in contributing capital to the MBC Revolving Loan Fund, contact the Montgomery County Department of Economic Development at (540) 382-5732.

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