



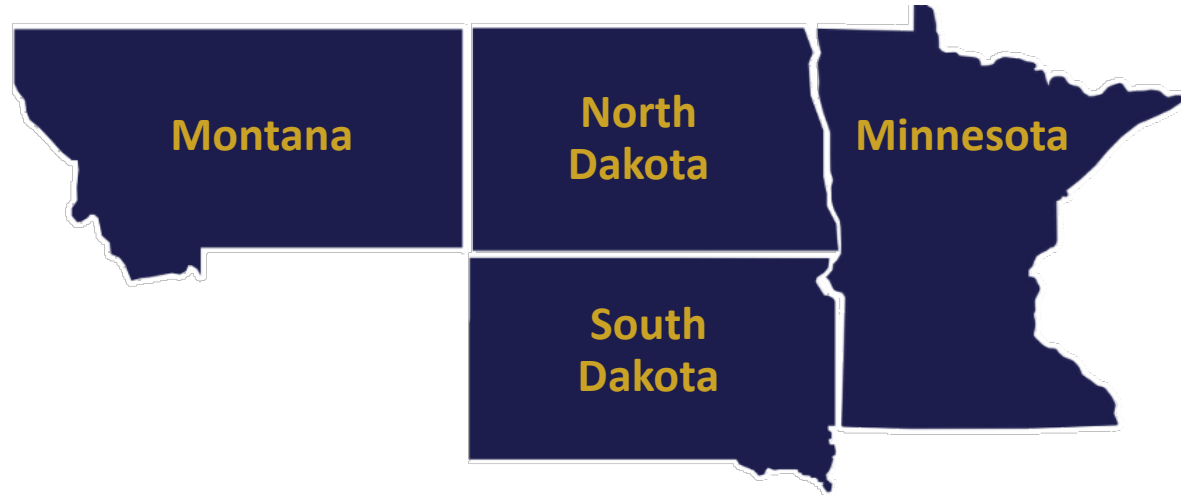
# ICBND – Small Business Lending

November 18, 2025

# About Us

43  
YEARS

1982 - 2025



600 Million  
Total financed

{ \$1.2 Billion  
Financing impact with  
our Lending Partners }

20,000+  
Jobs created/  
retained

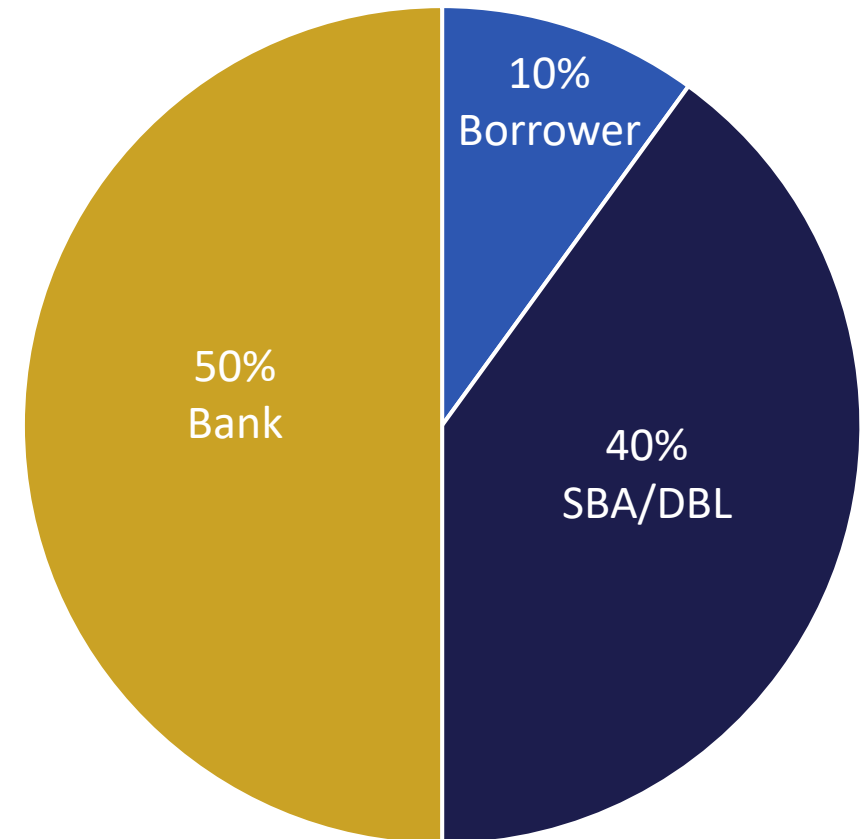
# From Idea to Expansion

Loans from \$1,000 - \$5.5M



# SBA 504 Overview

Basic 504 Structure



# SBA 504 Loans

## BENEFITS TO BORROWER/BUSINESS:



10-15% down payment



Affordable interest rate, often lower than traditional bank rate



Fixed interest rates for 10, 20, or 25 years



Loans up to \$5.5 million

## BENEFITS TO LEAD LENDER/BANK



SBA in 2<sup>nd</sup> lien on project assets reduces risk to bank



Can allow bank to provide financing on deals that are outside of policy

# Common Types of Deals

- Purchase and renovations of real estate
- New construction of real estate
- Purchase of large equipment
- Partner buyout
- Business acquisition
- Debt refinance

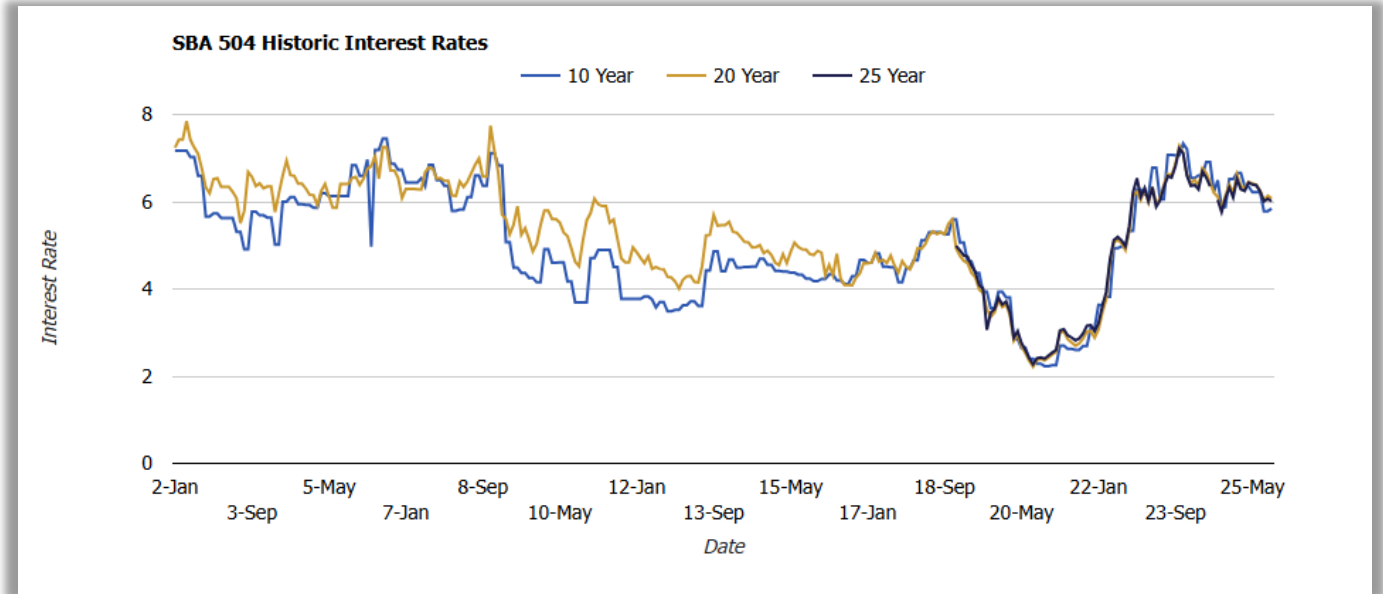
## **CANNOT include:**

- ✗ Working capital
- ✗ Inventory
- ✗ Blue sky
- ✗ Bank fees on permanent



# Rates

- Based on bond market, not interest rate market
- Fixed for entire 10-, 20- or 25-year term
- Current rates on our website



# Other Considerations

- SBA 504 portion of the deal \$25,000 - \$5.5MM
  - Subject to max \$5MM on total outstanding SBA debt (not including EIDL/PPP) – can do multiple 504 projects & SBA will subordinate!
  - Manufacturing is exempt and can have multiple \$5.5MM deals
- Appraisals required when RE is > \$500,000
  - In house valuation acceptable when < \$500,000
  - Exceptions:
    - Using equity as borrower injection
    - Non-arm's length transactions
    - Business acquisitions
    - Seller carryback is part of borrower injection
    - Real estate owned/sold by bank to borrower
- Lower fees than 7(a) program for comparable projects



# 2025 SOP Changes

- 100% direct/indirect owners must be US Citizens, US Nationals or LPR w/ 10 year green card
- Personal Liquidity is back – owners w/ 20% or more ownership
  - Business can retain reasonable funds for 24 months of expenses & working capital
  - Individuals can retain funds for education, other businesses, retirement – must explain
  - Excess liquidity may require larger injection or affect eligibility
- Franchise Directory is back
  - Franchise, dealer & licensing agreements must be reviewed by SBA
  - If on the directory, good to go. If not, needs to be submitted prior to application for review.

# 504 Calculator

- On DBL website: [www.dakotabusinesslending.com](http://www.dakotabusinesslending.com)
- Used for structuring and estimating payments



Loan Calculator



Reset Print

Calculator Loan Comparisons

### 504 Deal Structure

Name of Project  
Your Email Address

☐ 10 years ☐ 20 years ☐ 25 years

Effective Rate: 6.58% Rates as of: July 23

Est. Project Costs:	
Land/Building	
Construction	
Contingency	
Equip./Furn.	
Prof. Fees	\$0
Debt Refinance	
Other	
<b>Total Cost</b>	<b>\$0</b>

Est. Professional Fees:	
Engineering costs	
Architecture costs	
Appraisal	
Environmental Report	
Impact / permit fees	
Utility hook-up fees	
Title Insurance / fees	
Bank fees on interim loan	
Refi Prepay Penalties	
<b>*Total Professional Fees</b>	<b>\$0.00</b>

Has this business been in operation for 2 years or more?  
 ▼

Will this loan finance a "special purpose" building?  
 ▼

Bank Int. Rate:   
Bank Amort.:  yrs  
Bank % of Proj.:  %  
Bank Perm. Fee:  \$

Source	\$	%
Bank Loan	0	50%
504 Loan	0	50%
Cash Down	0	0%
<b>Total Loans</b>	<b>0</b>	

Est. Borrower Cash Needed	
Borrower's Equity	\$0
SBA TPL Fee	\$0
Bank Perm. Fee	\$0
<b>Due from Borrower</b>	<b>\$0</b>

Est. Payments	
Mon. Bank Pymt.	\$0
Mon. 504 Pymt.	\$0
<b>Total Mon. Pymt.</b>	<b>\$0</b>
Annual Debt Pymt.	\$0



# SBA 504 Debt Refinance

# SBA 504 Debt Refinance

- Refinance of existing debt on real estate and eligible fixed assets
- Used to stretch out term and reduce monthly payments, refinance balloon payment, secure lower interest rate, and/or cash out equity
- Allows for cash out subject to max LTV of 90%
- Project costs based on appraised value of collateral, so a bit backwards from regular 504 structuring



# Basic Refi Eligibility

- ✓ Original debt incurred 6 months ago
- ✓ 75% of original use of proceeds for commercial real estate, may also include equipment & other long term fixed assets
- ✓ 100% incurred for the benefit of the business
- ✓ NO change of ownership in business for past 2 years, limited change of ownership may be considered if no change of management
- ✓ Review of payments for past 12 months to determine credit worthiness
- ✓ Modifications in past 6 months to be reviewed on case by case basis
- ✓ Federally guaranteed debt may be available for refinancing under specific conditions
- ✓ Business occupies 51%+ of commercial real estate

# SBA 504 Debt Refi Structuring

- Start with appraised value of RE and any Equipment being refinanced = \$1,000,000
- Amount of debt to be refinanced = -\$500,000
- Allows for cash out subject to max LTV of 90% = -\$200,000
- Costs of financing = -\$10,000
- Borrower must have minimum 10% equity remaining = \$290,000  
(29%)
  - (15% for special purpose property)
- Refinancing project costs may be split equally between = \$710,00  
bank and 504 subject to 40% 504 max (35% SP).

Bank	\$355,000 (35.5%)
504	\$355,000 (35.5%)

# Direct Business Loans

# Direct Business Loans

- Used for gap financing or deals that don't meet bank policy
  - Start-up businesses
  - Businesses that have met legal lending limit with their bank and don't want to send to another competitor bank
  - Bank is limited to certain amount of financing and borrower doesn't have sufficient injection. Subject to availability of additional collateral or other repayment considerations
- Loan amounts \$1,000 - \$75,000
- Terms and rate depending on use of funds and market rates
- Credit request is reviewed for impact on community
- Ultimately looking for Path to Bankability
- Great way to grow relationships



# New Markets Tax Credits

NMTC works to encourage and jumpstart investment in low-income census tracts to create jobs and bring new opportunities to qualifying areas in ND.



# Benefits for Businesses



Gap financing tool. Allows businesses to access capital to fill a financing gap on projects that are transformative to a low-income/distressed area and provides quality and accessible jobs.



NMTC loan is interest only for 7 years. And it is a below market interest rate. The combination is significant for incentivizing investment for NMTC projects.



NTMC financing converts to EQUITY. After 7 years the business buys back the note for \$1000 and the note converts to EQUITY on the business balance sheet!

# Project Considerations:

- Projects must be located in a low-income census tract
- Projects must be large scale, \$7M minimum for cost of financing to make sense as this is a heavy compliance and regulatory program
- Allocation cannot be larger than total project
- Allocation monetizes around 16-18% cash into the project

# Example project

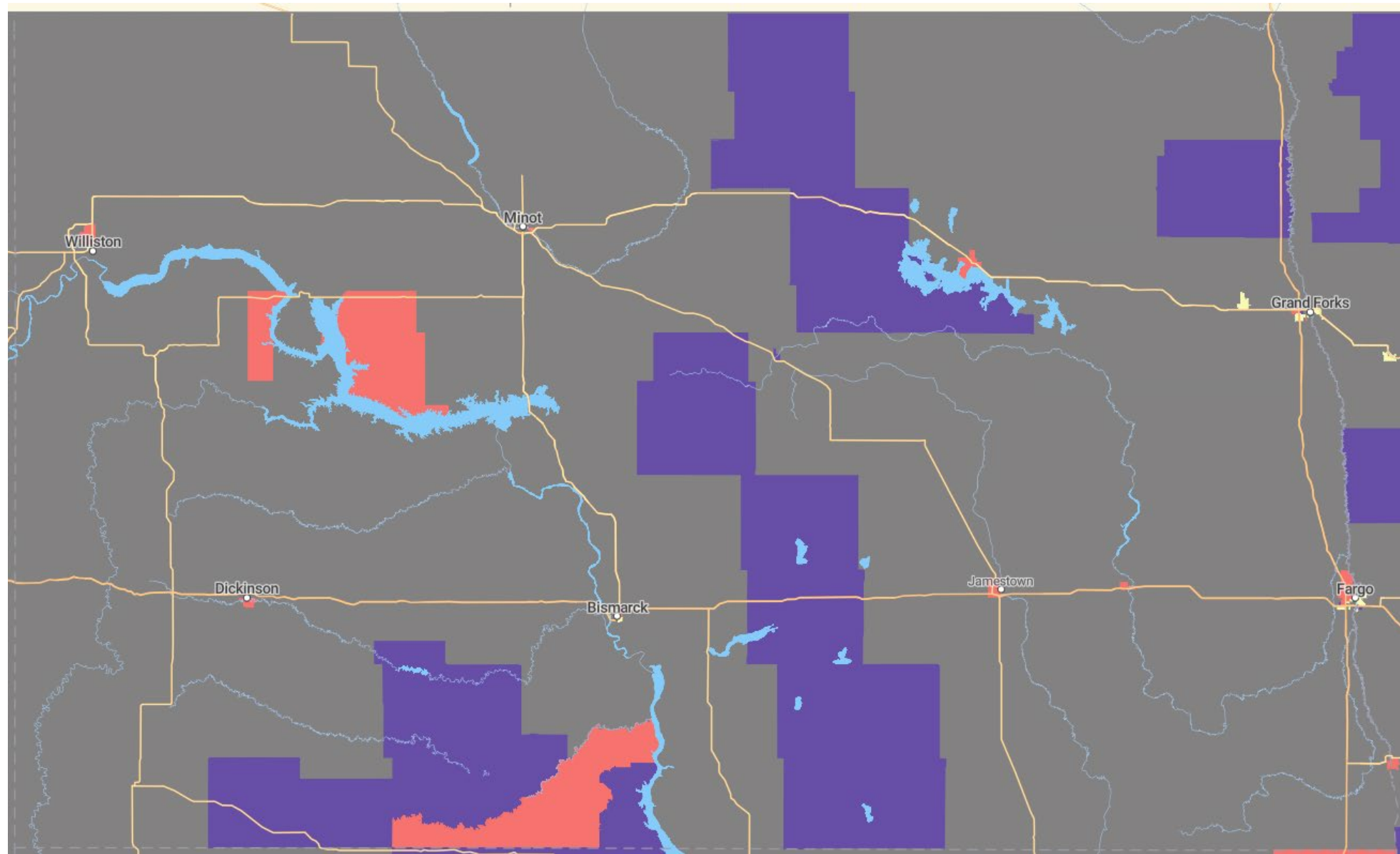
- Project Total - \$10M
- Bank Loan - \$6.4M
- Owner Injection - \$2M
- Gap - \$1.6M



$\$10\text{M allocation}^* \text{ monetizes at } 16\% = \$1.6\text{M}$

*\*Allocation can't be more than total project*

# Eligible Areas:





# Resource Stacking

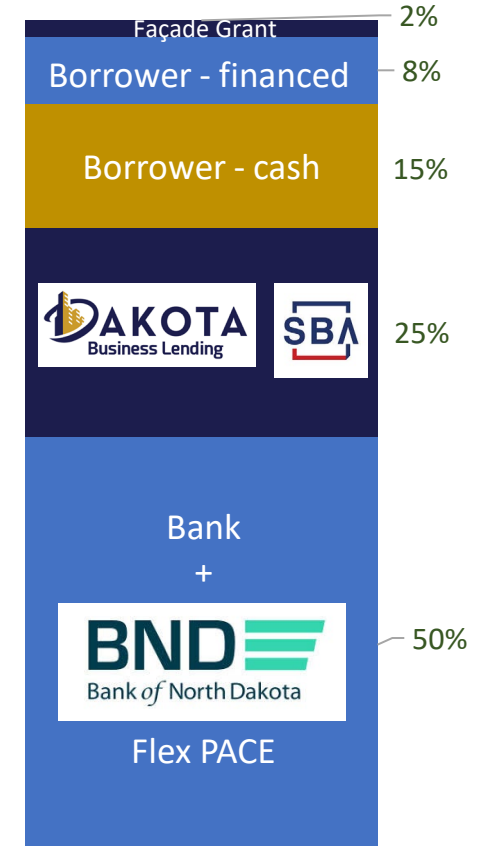


- Start-up of brewery
- Purchase equipment, limited leasehold improvements + working capital = Direct Business Loan Program + Borrower Injection



# Business Start-up

- \$2,500,000 – purchase land/building, renovations, equipment, professional fees





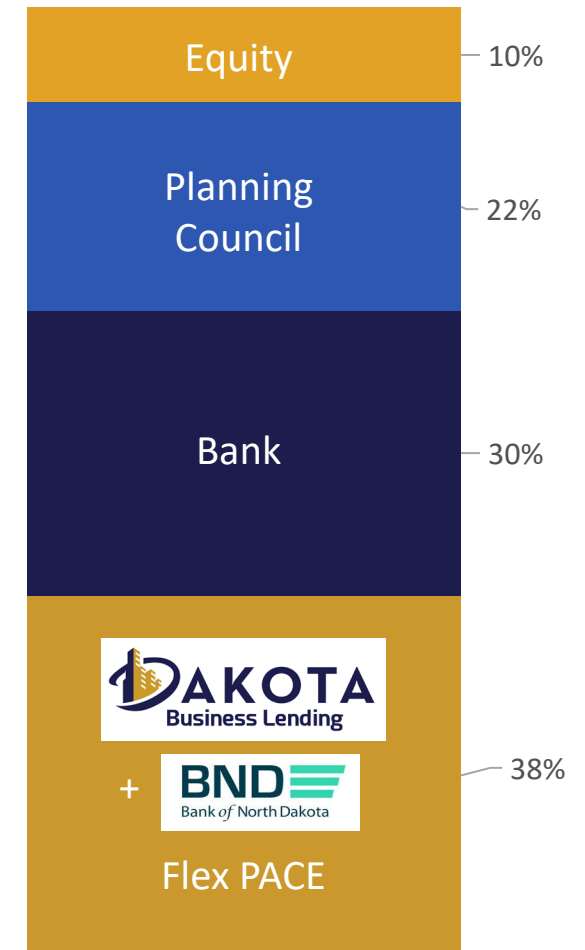
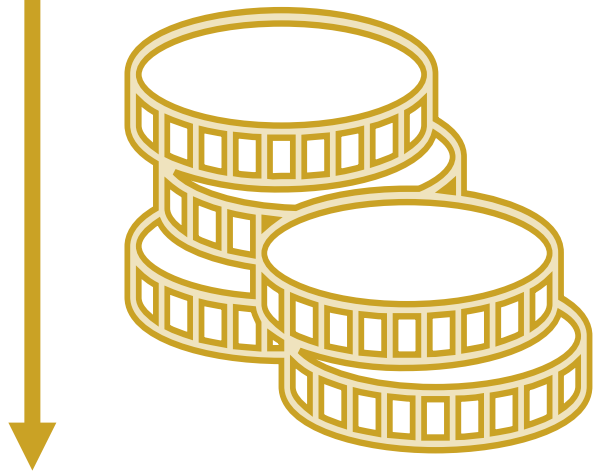
- Start-up of eye care clinic
- Purchase of Real Estate = SBA 504
  - 50% bank / 35% DBL / 15% Borrower Injection
  - Borrower injection provided by Regional Planning Council as loan
- Purchase of Equipment & Working Capital = Borrower cash



- Existing Auto Body Shop purchase of another Body Shop
- Purchase of Real Estate = SBA 504
  - 50% bank / 40% DBL / 10% Borrower Injection
- Purchase of Equipment & Blue Sky = SBA 7a (Bank) +
- Purchase of Equipment & Inventory = Regional Planning Council

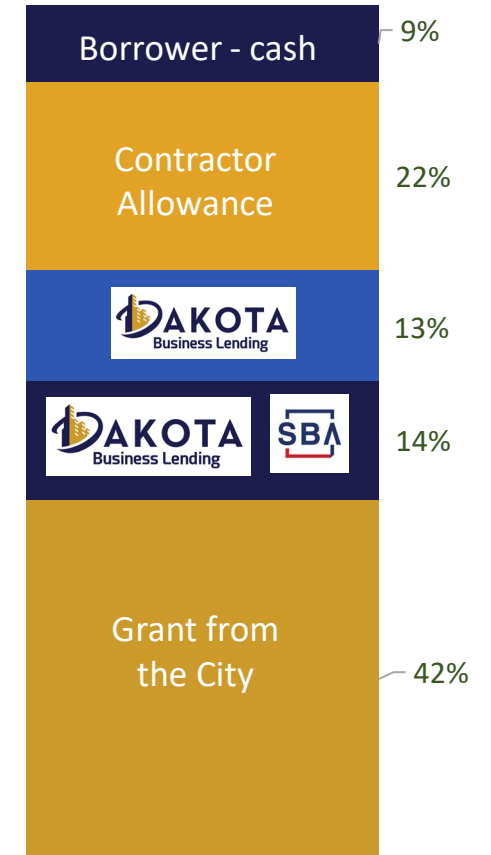
# Collateral Shortfall

- Business Start-up
- \$65,000 – equipment, leasehold, improvements, inventory, & working capital



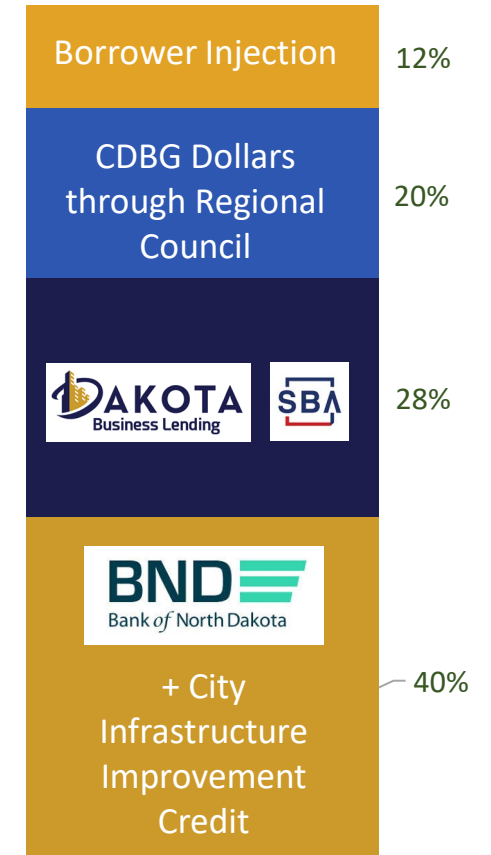
# Forced Relocation

- \$118,000 – leasehold improvements, equipment, inventory, and working capital



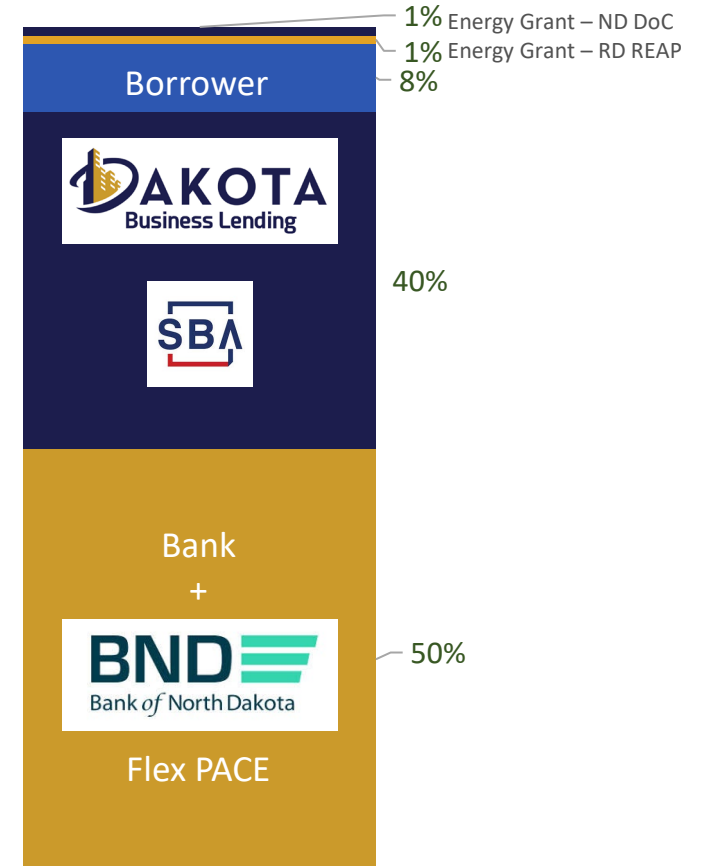
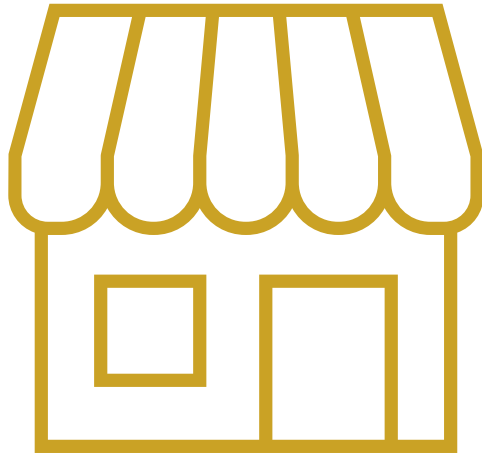
# Slum/Blighted Building

- Business Start-up
- \$500,000 – real estate, renovations, & equipment
- Flex PACE Community Match – infrastructure improvements
- Renaissance Zone Tax Credits



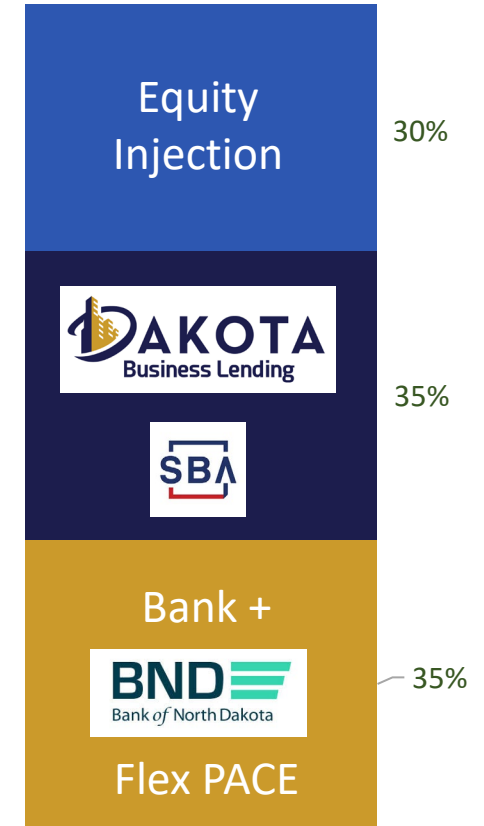
# Abandoned Big Box Retail

- Relocation and expansion of existing business



# SBA 504 Refinance

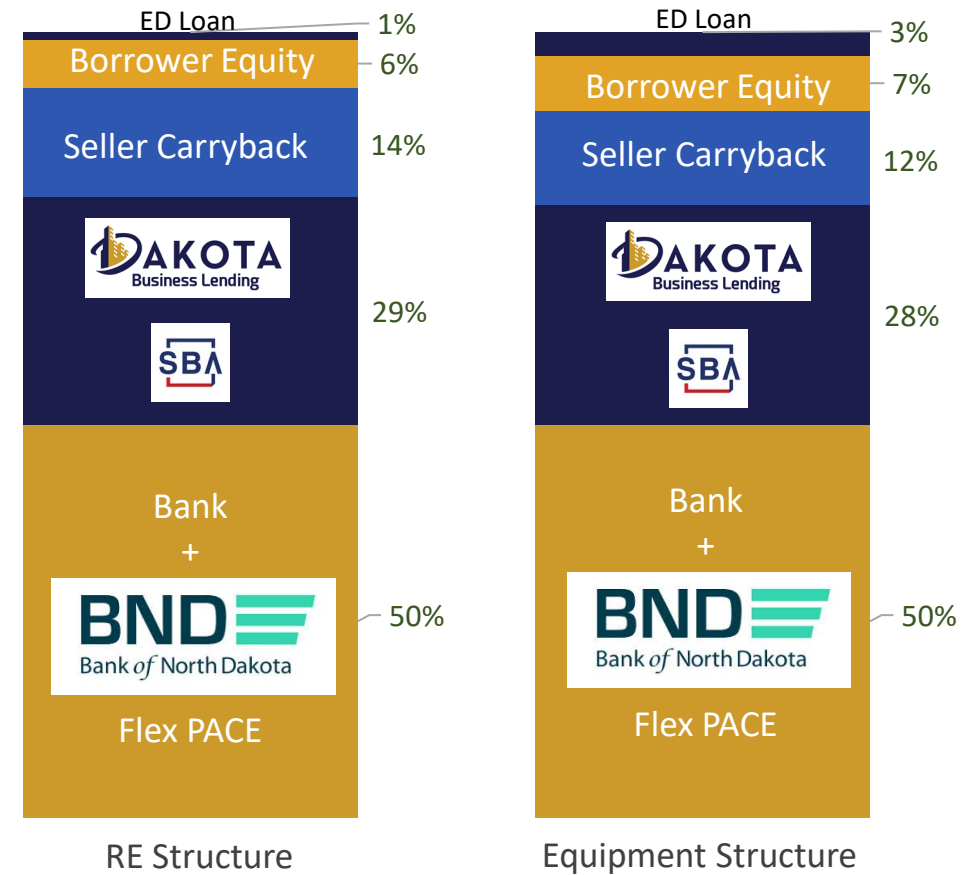
- \$5,800,000 – land and working capital
- \$5,700,000 – debt refinance
- Cost savings of almost \$400,000/year
  - Allowed borrower to pay off other ineligible debts (LOCs, short-term, notes, etc.)
  - With cash out, the borrower saves close to \$1 million/year





# Business Acquisition

- \$8,000,000 – purchase land/buildings, equipment, rolling stock, blue sky/goodwill
- Seller carryback of blue sky/goodwill
- RLOC w/ TPL





+



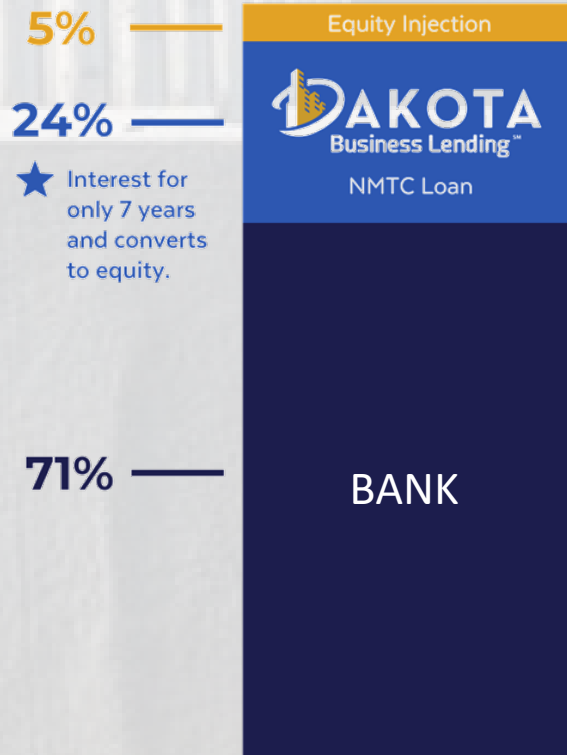
- Existing Home Builder – expansion for start-up precast foundation manufacturing



# Superior Walls Financing Stack

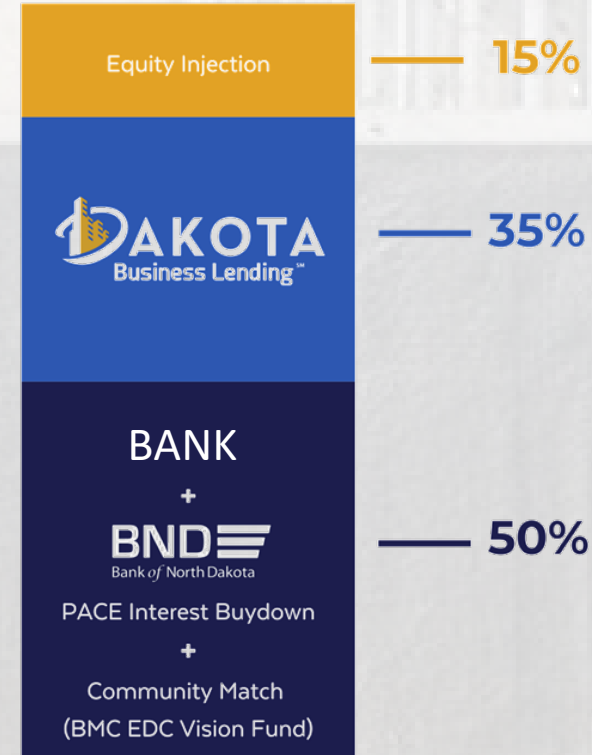
## NMTC - \$9M

Equipment, Inventory,  
Leasehold Improvements,  
& Working Capital



## SBA 504 - \$6M

Purchase of Land, Construction  
of Building, Contingency,  
& Professional Fees



# The Vault



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# Questions?

# Contact Us – ND



**Roxi Pfliiger - ND**

[rpfliiger@dakotabusinesslending.com](mailto:rpfliiger@dakotabusinesslending.com)

701-364-0197



**Emily Schroeder**

Community Lending Director

[eschroeder@dakotabusinesslending.com](mailto:eschroeder@dakotabusinesslending.com)

701-364-1912



**Scott Schake – ND & MN**

[sschake@dakotabusinesslending.com](mailto:sschake@dakotabusinesslending.com)

701-353-7049



**Tyler Byron – ND & MN**

[tbyron@dakotabusinesslending.com](mailto:tbyron@dakotabusinesslending.com)

701-353-7724



**Steve Dusek – ND**

[sdusek@dakotabusinesslending.com](mailto:sdusek@dakotabusinesslending.com)

701-364-1911

Phone: 701-293-8892 | [www.dakotabusinesslending.com](http://www.dakotabusinesslending.com)