



## Financing For Valuable Community Development Projects

The Heritage Bank Community Development Entity finances businesses in economically-stressed areas, breathing new life into neglected and underserved low income communities.

Heritage Bank formed its own Community Development Entity (CDE) to expand the financing we bring to businesses in low-income communities in Washington and Oregon. We are one of only a handful of CDEs in both states able to facilitate these loans.

We're using our own capital to make loans to businesses operating in these communities on better rates and terms with more flexibility than the market.

In alignment with our commitment to the communities we serve, we intend these loans to revitalize development by creating jobs and increasing the availability of goods and services in economically distressed areas.

If you're ready to get started or have questions about your eligibility, please contact your relationship manager.

*Foreign language interpretation services offered.  
Please call 800.455.6126 for a list of available languages.*

### Features of HBCDE's loan fund

- Below-market interest rates\*
- Lower origination fees
- Lower debt coverage ratios
- Longer maturities
- 7-year loans of interest-only payments

[See the reverse for a loan comparison and answers to frequently asked questions >>](#)



\* Target interest rate of FHLB 7-Year Rate plus 1.75%, subject to change based on project risk and changes in market interest rates.

## Financing Comparison\* Commercial Real Estate Construction Loan—\$1,000,000

	Conventional Loan	HBCDE Loan Fund Conventional	HBCDE Loan Fund using SBA 504 structure
Down payment	\$250,000	\$250,000	\$101,460
Fees and closing costs—paid in cash	\$13,277	\$9,527	\$0
Fees and closing cost—financed	\$0	\$0	\$25,875
Total equity required	\$263,277	\$259,527	\$127,335
Bank loan	\$750,000	\$750,000	\$507,300
SBA debenture	\$0	\$0	\$420,000
Estimated monthly payment	\$5,301	\$3,894	\$5,425

\* Subject to credit approval and program guidelines. SBA loans are subject to SBA eligibility guidelines. Certain restrictions apply to refinancing options and are subject to program terms. Refinances of existing SBA loans are excluded. Financing maximums and terms are determined by borrower qualifications and use of funds. Heritage Bank and its representatives do not provide tax advice. Consult an advisor regarding a particular financial situation. Credit products are offered by Heritage Bank. This flyer is intended to provide a summary, final executed loan documents should be relied on for complete and final terms. For illustrative purposes only, the Conventional Bank loan interest rate is 7.00%.

## Frequently Asked Questions

**How can I determine whether my proposed project meets the criteria for the New Market Tax Credit program?**

**Confirm that your project falls within an approved geographic area.**

Visit [novoco.com/resource-centers/new-markets-tax-credits/data-tools/nmtc-mapping-tool](http://novoco.com/resource-centers/new-markets-tax-credits/data-tools/nmtc-mapping-tool) to launch the NMTC mapping tool and search for the address of your project location.

Scan the QR code with your smartphone's camera to quickly access the NMTC mapping tool.



**Will at least 25% of the funds be used for building improvements?** Because bringing new investments into these communities is a primary goal of this program, at least 25% of the real estate project (excluding land cost) must be for funding new money into improvements. Purchase of existing real estate is eligible if there is funding for tenant improvement or renovations to achieve the 25% minimum.

**Is your project primarily commercial?** Residential development and Non-Owner Occupied projects are not eligible under the program.

