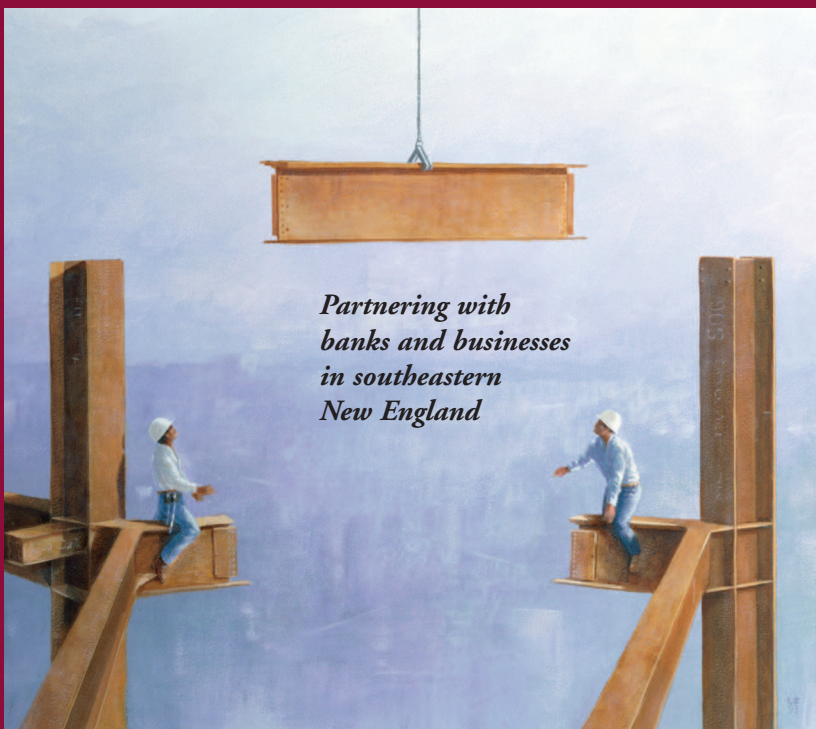


Gap Financing for Growing Companies

A painting depicting two construction workers in white hard hats and blue work clothes standing on a steel beam structure. They are positioned on either side of a significant gap. Above the gap, a large steel beam is suspended by a cable and hook, ready to be lowered into place. The background is a soft, hazy blue sky. The overall scene symbolizes the 'gap' in financing that the company aims to bridge.

*Partnering with
banks and businesses
in southeastern
New England*



Business Development Company of Rhode Island

Growing companies often face a gap in financing and need more funding than conventional financing can provide.

The Business Development Company of Rhode Island solves the problem by bridging the funding gap. We do that with term loans and, where appropriate, lines of credit and equity investments.

Teaming with BDC New England, we now can lend borrowers up to \$2 million and provide SBA 504 loans through the New England Certified Development Corporation.

When conventional financing isn't enough.

Our funding takes the form of:

- *Sub-debt/mezzanine lending*
- *SBA 7(a) loans*
- *SBA 504 loans*
- *Direct loans*

We will provide up to \$2 million in financing to companies that have a proven management team and a plan for growth.

We work with banks...

We participate with our member banks and other senior lenders to finance promising but undercapitalized businesses. While we are independent, we do not compete with our member banks.

...and business owners...

We work with businesses, either directly or in cooperation with their primary lenders. We do this by providing gap funding to bankable companies, as well as direct loans to companies that are not yet bankable. In all cases, our goal is to provide the financing they need to grow their company.

...to finance the full range of business needs

BDCRI provides financing to a broad cross section of companies — from manufacturers to technology and service firms, and warehousing and distribution businesses — for virtually any reasonable business purpose. It includes:

- Working capital
- Product development
- Capital investment
- Financial and debt restructuring
- Mergers and acquisitions
- Management buy-outs

Expanding a tradition of building companies

Since 1953, BDCRI has financed companies that want to grow and expand employment in Rhode Island. Now, we also provide funding to borrowers in nearby Massachusetts and Connecticut.

Give us a call

The best way to learn how we can be part of your financing solution is to call Garrett B. Hunter, President, at 401-351-3036.



Sub-Debt/Mezzanine Lending

Loans of \$100,000 to \$2 million to growing companies that need additional capital beyond conventional debt or equity financing channels without giving up ownership of the company.

Borrower Profile

- Insufficient collateral for additional bank financing
- No ready access to equity sources
- Growth or acquisitions causing balance sheet leverage
- Financial performance showing ability to service additional debt
- Businesses looking to retain and expand employment

Terms

- Fixed length of 1-10 years, although typically two to seven years
- Fixed or floating rate
- Application fee
- Collateral/guarantees generally required
- Prepayment fee applies
- Life insurance is generally required on principal managers equal to the level of debt provided
- Fully subordinated loans are structured as a warrant-based arrangement in a typical mezzanine format, where the borrower repurchases the warrants at the end of the investment period

Benefits

- Help senior lender complete a financing transaction
- Help borrowers obtain needed funding

SBA 7(a) Loans

SBA-guaranteed senior loans for pre-bankable companies and junior loans in participation with banks, from \$100,000 to \$2 million, for any reasonable business purpose, such as working capital, capital investment, debt restructuring, mergers and acquisitions.

Borrower Profile

- Manufacturers, distributors, or service companies
- Established or pre-bankable company with a plan for growth and solid management
- Financial performance showing ability to service additional debt
- Businesses looking to retain and expand employment

Terms

- Fixed length: 1-20 years, although typically two to seven years
- Floating rate
- Packaging fee
- SBA guarantee fee
- Collateral/guarantees required
- No prepayment fee
- Life insurance is required on principal managers equal to the level of debt provided

Benefits

- Help senior lender complete a financing transaction
- Help borrowers obtain needed funding



SBA 504 Loans

Term loans from \$500,000 and up for the purchase of land and buildings, machinery, equipment, new construction, renovation, and leasehold improvements. Debenture component of funded projects range from \$250,000 to \$4 million.

Borrower Profile

- For-profit company
- Typically employing at least 10 people
- Net worth of \$7 million or less
- Average net profit of less than \$2.5 million over last two fiscal years
- Financial performance showing ability to service additional debt
- Businesses looking to retain and expand employment

Terms

- Up to 20 years
- Borrower obtains loan from senior lender for 50% of the project in first mortgage financing
- 504 Program provides next 40% in second mortgage financing
- Borrower provides remaining 10%
- Typical 1.5% CDC processing fee is waived on projects of \$750,000 and up
- Low fixed interest rate available on 504 Program component
- Life insurance is required on principal managers equal to the level of debt provided

Benefits

- Help senior lender efficiently complete a fixed asset financing transaction
- Help borrowers invest in fixed assets easily and affordably

Direct Loans

Conventional senior or junior loans to existing and pre-bankable companies, from \$100,000 to \$2 million, that can be used for any reasonable business purpose, such as working capital, capital investment, debt restructuring, mergers and acquisitions.

Borrower Profile

- Manufacturers, distributors, or service companies
- Established company with growth plans, solid management, but which may or may not be bankable
- Financial performance showing ability to service additional debt
- Businesses looking to retain and expand employment

Terms

- Fixed length of 1-10 years, although typically two to seven years
- Fixed or floating rate
- Application fee
- Collateral/guarantees generally required
- Prepayment fee applies
- Life insurance is generally required on principal managers equal to the level of debt provided

Benefits

- Help senior lender complete a financing transaction
- Help borrowers obtain needed funding



Business Development Company of Rhode Island

We are a non-bank lender and also an SBA lender that provides direct and gap financing to companies in Rhode Island and nearby Massachusetts and Connecticut.

Member Financial Institutions

- Bank of America
- BankNewport
- Bank Rhode Island
- Centreville Savings Bank
- Citizens Bank
- Coastway Credit Union
- Home Loan and Investment Bank, FSB
- Sovereign Bank New England
- The Washington Trust Company
- Webster Bank, N.A.

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with borrowers in nearby Massachusetts and Connecticut.*