

## FEATURE 504:

### Alsville Crossing Lake Norden, SD



With an interest in serving their friends and neighbors, Kyle Waliezer and Jeff Halme decided to build a new convenience store and gas station, while capitalizing on the increased truck traffic in the Lake Norden area. The location carries a history of providing fuel and other services to U.S. Highway 81 traffic that dates back to 1936. Moving to the site when the highway was re-routed, the original station was built by Al and Emily Flakus and was called Alsville Service and Garage, Café and Modern Cabins. The Flakus family ran the business for 36 years and after other owners took over, the business eventually dissolved. With the historic name of “Alsville”, Waliezer and Halme opted to add “Crossing”, with the business now being known as Alsville Crossing.

Alsville Crossing became a reality with financing provided by Dacotah Bank in Brookings and an SBA 504 loan from First District Development Company. Waliezer and Halme were able to utilize the 504 program to keep their down payment and long term payments as affordable as possible. Without this partnership between business owners, banks, and FDDC, start-up facilities, like Alsville Crossing, would be more difficult to materialize.

(continued on page 2)

### Inside This Issue...

Featuring —  
*Alsville Crossing*

*FDDC Awards  
Scholarships*

*FDDC Makes the SBA  
504 Process Easy*

*Appraisal Threshold  
Raised for SBA 504*

*504 Latest  
Interest Rates*



124 1st Avenue NW, P.O. Box 1207  
Watertown, SD 57201

Phone: (605) 882-5115  
FAX: (605) 882-5049  
E-Mail: paula@1stdistrict.org  
amy@1stdistrict.org  
shelby@1stdistrict.org  
andrea@1stdistrict.org

Website: <http://fddc.1stdistrict.org>

**Paula Hulscher, Exec. Vice President**  
**Amy Waite, Loan Officer**  
**Shelby Kraemer, Loan Officer**  
**Andrea Tesch, Assistant Loan Officer**

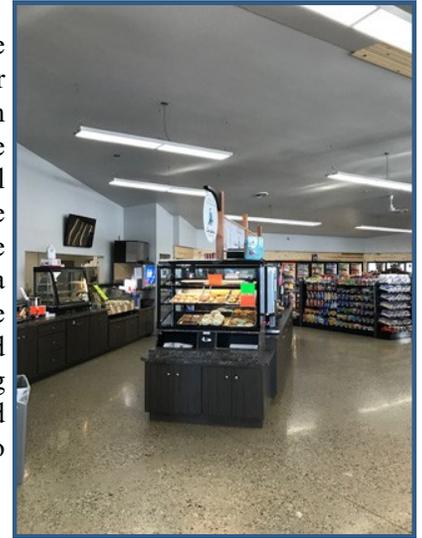
FDDC is an Equal Opportunity Lender,  
Provider, and Employer.

## Alsville Crossing

Continued



Alsville Crossing will cater to both the increased truck traffic due to the Agropur cheese plant expansion in Lake Norden, South Dakota, and the increased workers who are commuting from other areas. The business will offer food options that would not otherwise be available in a rural area, including pizza, ice cream, broasted chicken, sandwiches, and a signature daily lunch special. Besides food, the store will provide essentials for boaters and campers who frequent the area lakes. Providing basic groceries, live bait, sporting goods, and fishing and camping supplies are key to attracting area sportsmen and travelers.



Congratulations to the new owners of Alsville Crossing – market research and hard work have paid off with this state-of-the-art facility, while keeping with the history of the location.

## FDDC Awards Scholarships

### 2019 FDDC Scholarship Recipients:

As a partner to South Dakota's small businesses, First District Development Company invests in economic development activities other than lending. This year FDDC offered five - \$1,000 scholarships to students pursuing a post-secondary degree in a business/finance related field. Student applicants were evaluated based on their academic achievements, character references, a written essay, and involvement in community, school, extra-curricular, volunteer, and special interest activities.

Congratulations to these award winners who are being recognized for their hard work and determination! FDDC wishes them continued success in their future careers.

**Kadi Terca**, Lyman High School, pursuing a degree in Business Marketing at the University of South Dakota

**Molly Muilenberg**, Platte - Geddes High School, pursuing a degree in Accounting at Southeast Technical Institute

**Erin Moncur**, Miller High School, pursuing a degree in Accounting at Dakota Wesleyan University

**Logan Klaudt**, Menno High School, pursuing a degree in Business at the University of South Dakota

**Karsyn Dorris**, Madison High School, pursuing a degree in Business and Biology at Augustana University



## FDDC Makes the SBA 504 Process Easy

1. **Contact FDDC** – to discuss eligibility to receive SBA 504 financing and the best possible loan structure.
2. **Submit an Application** – the application form is available on our website: <http://fddc.1stdistrict.org>. A checklist of items that need to be attached are listed on the application.
3. **Loan Approvals** – once FDDC has a completed application, the FDDC Board of Directors will review it. Our Board meets as needed and reviews applications as soon as possible. After the FDDC Board approves the application it is sent on for SBA credit approval. Estimated time frame is 2-3 weeks for both FDDC's and SBA's credit approvals. If applicable, SBA must also review any franchise agreements, appraisals, and environmental reports.
4. **SBA Loan Authorization** – upon approval the loan authorization is issued and assures the lender and borrower that SBA will provide take-out financing.
5. **Interim Financing** – whether the project involves construction, remodeling, or just a purchase, there is always an interim period between the time of SBA's approval and funding – a minimum 45-60 day process.
6. **SBA Closing** – FDDC prepares the SBA documents, obtains signatures, and requests all other documents necessary for closing. The documents are then reviewed by FDDC's and SBA's attorneys.
7. **SBA Funding** – all SBA 504 projects are pooled together nationwide and bonds are sold to fund the projects once each month. At this time, the interest rate is set for the 504 projects funding during the month and the interim lender receives a wire to fund the 504 portion.
8. **Servicing** – FDDC services the SBA 504 loan until it is paid in full. Any questions or servicing actions will continue to be handled by the FDDC team including prepayments, subordinations, assumptions, etc.

FDDC prides themselves on being very organized with continual communication with the lender and the borrower throughout the process.



**Give FDDC a call to get started on your next great project!**

## Appraisal Threshold Raised for SBA 504

Congress recently passed the Small Business ACE Act which raises the appraisal threshold for 504 loans secured by commercial real estate to match the federal banking regulator appraisal threshold amount for commercial real estate transactions.

Previously, SBA required a real estate appraisal if the estimated value of the 504 project property was over \$250,000. The new law raises the SBA 504 appraisal threshold to match the federal banking regulator threshold, which is currently \$500,000.

When the Project Property is \$500,000 or less, an appraisal will be required under the following circumstances:

- a) Equity in land owned for 2 years or more is used as part of the Borrower's contribution;
- b) The real estate is Third Party Lender's OREO;
- c) If the loan finances a transaction involving parties with a close relationship;
- d) The seller of the property is carrying back a loan that is part of the Borrower's contribution;
- e) If SBA or the CDC concludes that an appraisal is necessary to appropriately evaluate creditworthiness.

**10-Year Debentures**

Mar	2018	5.112
May	2018	5.298
Jul	2018	5.302
Sep	2018	5.252
Nov	2018	5.590
Jan	2019	5.064
Mar	2019	4.628

**25-Year Debentures**

Nov	2018	5.640
Dec	2018	4.990
Jan	2019	4.881
Feb	2019	4.771
Mar	2019	4.741
Apr	2019	4.532

# 504 Funding Summary

April 2018 — April 2019

For April 2019, a total of \$199,341,000 twenty-year debentures (or 260 loans) and a total of \$170,006,000 twenty-five year debentures (or 193 loans) were funded through the sale of certificates guaranteed by SBA.

Rates shown are full term effective rates, which include all monthly service fees. 10-Year Debentures are sold every other month and generally the proceeds are used for equipment purchases. 20-Year and 25-Year Debentures are sold monthly and the proceeds are used for real estate acquisition and/or construction.

**20-Year Debentures**

Apr	2018	5.029
May	2018	5.222
Jun	2018	5.320
Jul	2018	5.259
Aug	2018	5.301
Sep	2018	5.250
Oct	2018	5.492
Nov	2018	5.591
Dec	2018	4.926
Jan	2019	4.758
Feb	2019	4.646
Mar	2019	4.586
Apr	2019	4.367

***Be FIRST to get it FIXED!***

