

BDC LOAN INCENTIVE PLAN

BDC works closely with banks throughout the state and encourages them to refer loans to BDC which have merit but cannot be made by them under their current lending policies. BDC feels many lending opportunities are passed over because bank lending officers are not aware that with BDC there is another source of financing for their customers.

BDC has a loan incentive plan for member banks under SBA's 7(a) guaranty program which is designed to help maximize delivery of its lending resources to as many businesses as possible. Banks participating in this program are given the option of buying a participation in the guaranteed portion of SBA 7(a) loans processed by BDC or receiving a loan fee.

Participations sold to banks are sold at par. However, BDC discounts the interest rate to the participants to cover the SBA guaranty fee, BDC servicing fee, and BDC overhead. Rates can be negotiated to be favorable to the borrower and the participating bank. Due to the cost of processing and servicing small loans, no participations or fees will be paid on loans of \$150,000 or less.

FEE CHART

RATES	MATURITY	
	10 years and under	Over 10 years
P+1 ½	.50	.75
P+2	.75	1.00
P+2 ½	1.00	1.25
P+2 ¾	1.25	1.50

Most SBA 7(a) loans have been on a floating rate basis. If a lender has the need to fix the interest rate on a SBA 7(a) transaction, BDC will attempt to negotiate a satisfactory arrangement with the lender on a deal-to-deal basis.