

PRESENTATION

BankFIRST SBA

Express Loan Center

Presented by:

Donald J. McGowan, President & CEO



Backgrounder

BankFIRST began its operations as a state-chartered, federally insured commercial bank on July 20, 1989. Its mission is to serve as the leading community bank for small business in Central Florida.

James T. Barnes, Jr. is the Bank's Chairman. Donald J. McGowan was elected President and CEO in October 2003.

The Bank operates out of seven branch locations, and is headquartered at 1031 W. Morse Blvd., in Winter Park. The Bank's other branches are located in Apopka, Clermont, Eustis, Goldenrod, Sanford and Winter Garden.

For the year ending December 31, 2003 the bank reported total assets of \$221 million (an increase of 17% over 2002) and record profits of \$1.9 million.



DONALD J. MCGOWAN
President, Chief Executive Officer

Donald J. McGowan has had a highly distinguished 30-year banking career. From 1987 to 1999, he served as Founder, President and CEO of Flagship Bank and Trust Company, a Worcester, Massachusetts commercial bank with more than \$300 million in assets prior to its sale to the Chittenden Corporation in Burlington, Vermont. Flagship Bank was recognized as one of the most successful de novo banks in the country specializing in serving small- and medium-sized businesses. In addition, Flagship Bank was Massachusetts' leading Small Business Administration (SBA) lender. Under McGowan's leadership, Flagship won the highest national banking award for product development for its SBA program, which led to McGowan being named the "National Small Business Financial Services Advocate of the Year" by the United States Small Business Administration.

Previously, McGowan served as President of Bank of Boston, Central Massachusetts Region, and held other executive banking positions in the New England area. Following the sale of Flagship Bank, McGowan moved to Vero Beach, Florida for a brief retirement before joining U.S. Trust Company in Vero Beach. In October 2003, McGowan was named President and CEO of BankFIRST in Winter Park, Florida.

McGowan has remained actively engaged in a number of professional and community organizations throughout his career. He served as Chairman of the Massachusetts Bankers Association, the Massachusetts Biotechnology Research Institute, the Alliance for Education, Massachusetts Housing Partnership, and Community Healthlink. He was also a Director of the Memorial Hospital and the health maintenance organization Health Source of Massachusetts.

He is a graduate of Dowling College with a BBA and the Stonier Graduate School of Banking and attended the Boston University MBA program. Don and his wife Geri reside in Maitland.



FAST FACT SHEET

BankFIRST FACTS

- BankFIRST will open its *SBA Express Loan Center* on May 20, 2004, where it will offer customers access to a variety of government lending programs, including the family of government-guaranteed SBA loans.
- BankFIRST will offer a number of unique benefits to customers who take advantage of its *SBA Express Loan Center*.
 1. **It will pay the mandatory government guaranty fee** – which can be as high as 3.5% of the total guaranteed amount and is due at closing. The maximum guaranty fee is \$53,750. BankFIRST is **the only bank in Florida**, which pays its customers' guaranty fee.
 2. **BankFIRST will waive the typical packaging fee** (usually between \$1,500 and \$2,000) needed to submit a loan application to the SBA for approval.
 3. BankFIRST will offer one of the **widest arrays** of government guaranteed loan programs available at any bank in Central Florida.
- Other government loans BankFIRST will offer its customers include:
 1. *SBA 504* – Provides long-term, fixed rate financing for real estate, machinery or equipment for expansion or modernization. This program can provide up to 90% financing of total costs on projects as large as \$2,500,000.
 2. *USDA B&I* – Provided by the U.S. Department of Agriculture, this program is used to stimulate rural economies. Maximum loan size is \$10,000,000 with guarantees up to 80% and may be used for working capital, equipment and real estate. Assistance is available to not only small businesses but any legally organized entity including nonprofit organizations.
 3. *Farm Service Agency Loan* – This government guaranteed loan program is provided for the purchase of farmland, construction and repair of buildings, or debt refinancing. Its term can be as high as 40 years with up to a 95% guaranty. The maximum loan amount is currently \$782,000 and is adjusted annually for inflation.

- BankFIRST is one of fewer than 50 banks in Florida with an SBA “*Preferred Lender*” status, with only one other “*Preferred Lender*” home based in Central Florida.
- The benefit of BankFIRST’s “*Preferred Lender*” status is that the SBA will delegate its loan underwriting to BankFIRST. This means that BankFIRST can offer one-day SBA approvals since there is no separate underwriting process by the SBA.
- BankFIRST offers a team of SBA loan officers, who are fully dedicated to delivering convenience and service to SBA customers.

SBA FACTS

- The U.S. Small Business Administration (SBA) is an independent agency of the Federal Government to help individuals get into business, stay in business and grow their business.
- The primary benefit of an SBA loan is that it is government guaranteed and has up to a 25-year amortization with a note that is matched to mature in 25 years. This saves small business owners a significant amount of money, as they are relieved of frequent closing costs (and the uncertainty of renewal) that are required on traditional three- or five-year balloon notes.
- SBA loans have the capability to include a revolving line of credit for seven years, to be used for working capital as compared to the annual clean-ups required on traditional bank lines of credit.
- To date, SBA loans have been difficult to obtain. Traditionally, SBA loans are considered too costly (requiring hefty guaranty and loan packaging fees at closing); too complicated (applicants must complete extensive paperwork just to apply); and a slow process (approval of each completed loan application can take many weeks at inexperienced SBA bank lenders).
- The SBA provides three levels to banks, which offer their loans:
 1. *Regular lender* – A bank may submit SBA loan applications; typical approval turnaround from the SBA is 2-3 weeks, as the SBA completes all underwriting.
 2. *Certified Lender* – A bank is on a more preferred status with the SBA; the SBA attempts to have the loan approved in three-to-five business days.
 3. *Preferred Lender* – A bank completes all underwriting and is on the most trusted level with the SBA. Once the bank completes the underwriting and packages the loan, the SBA offers one-day approvals.



NEWS RELEASE

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FOR IMMEDIATE RELEASE

BANKFIRST LAUNCHES SBA EXPRESS LOAN CENTER TO STIMULATE ECONOMIC DEVELOPMENT IN CENTRAL FLORIDA

WINTER PARK, Fla. – (May 20, 2004) – BankFIRST, a Winter Park-based, community owned commercial bank, has opened its *SBA (Small Business Administration) Express Loan Center*, which will serve as an economic development resource for the Central Florida community by offering small businesses access to one of the widest arrays of government-guaranteed loans available at any bank in Florida.

BankFIRST was recently awarded the Small Business Administration's most trusted designation, and is now recognized as an "SBA Preferred Lender." This enables BankFIRST to provide one-day SBA loan approvals, since they are permitted to complete all underwriting traditionally executed by the SBA.

BankFIRST also offers its clients the benefit of paying the mandatory guaranty fee, a charge imposed by the SBA that can be up to 3.5% of the total guaranteed amount (maximum of \$53,750). BankFIRST is the **only bank in Florida** that pays the guaranty fee for its clients. Plus, BankFIRST packages SBA loans at no charge for its clients, which represents an additional savings of between \$1,500 and \$2,000.

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“The SBA Express Loan Center was developed to stimulate the Central Florida economy by providing funding for new and existing small businesses,” BankFIRST CEO Don McGowan said. “Small businesses are a vital part of the national and local economy—responsible for approximately 75% of all new jobs created each year across the country.”

BankFIRST offers the following SBA and government-guaranteed loans:

- SBA 7(a) – Provides flexible guaranteed financing for working capital, equipment, furniture, land and building, or debt refinancing. Offers a loan maturity of up to 25 years for real estate.
- SBA 504 – Delivers long-term, fixed-rate financing for real estate, machinery or equipment for expansion or modernization.
- SBA Express Loans – Allow for revolving lines of credit for up to seven years, with maturity extensions permitted at the outset.
- SBA LowDoc Loans – Streamline the process of making \$150,000-and-under SBA 7(a) guaranteed loans to eligible small businesses.
- USDA B&I – Provided by the U.S. Department of Agriculture, this program is used to stimulate rural economies. Many communities throughout Central Florida fall within the USDA’s “rural” classification.
- Farm Service Agency Loan – This government guaranteed loan program is provided for the purchase of farmland, construction and repair of buildings, financing of operating expenses, or debt refinancing.

About BankFIRST

BankFIRST began as a state-chartered, federally insured commercial bank in 1989. Its mission is to serve as the leading community bank for Central Florida small businesses. The Bank operates from its Winter Park headquarters and six branch locations, located in Apopka, Clermont, Eustis, Goldenrod, Sanford and Winter Garden. For the year ending December 31, 2003 the bank reported total assets of \$221 million and record profits of \$1.9 million. For more information, visit BankFIRST.com.

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Government Guaranteed LOANS Offered by BankFIRST

BankFIRST's "SBA Express Loan Center" will serve as *an economic development resource for the Central Florida community* by offering small businesses access to one of the widest arrays of government guaranteed loan programs available at any bank in Central Florida:

- **SBA 7(a) Loan Guaranty Program**

- The SBA 7(a) program is the SBA's most flexible business loan program, offering guaranteed financing for a variety of business purposes— including working capital, equipment, furniture and fixtures, land and building, leasehold improvements and debt refinancing (under special conditions).
- This loan is used to help qualified small businesses obtain financing when they might not be eligible for business loans on similar terms and conditions through normal lending channels.
- Loan maturity is up to 10 years for working capital and generally up to 25 years for real estate.
- The current maximum loan amount for an SBA 7(a) loan is \$2 million, with the SBA providing a 75% loan guaranty (\$1.5 million).
- To offset the costs of the SBA's loan programs to the taxpayer, the SBA charges the lender a guaranty fee that is passed on to the borrower once they have been paid by the lender. The amount of the guaranty fee is determined by the amount of the loan guaranty.
- ***Benefit to Small Business:*** Long-term conventional bank loans on real estate are typically written on five-year balloon notes— requiring costly renewals, which are accompanied by the uncertainty of whether the

lender will renew the loan should a business's financial condition deteriorate. An SBA guaranteed loan provides for amortization periods of up to 25 years, with a matching maturity of 25 years.

- **SBA Express Loans**

- ~~SBA Express loans are unique in that they allow for revolving lines of credit for up to seven years, with maturity extensions permitted at the outset.~~
- The maximum loan amount for SBA Express Loans is currently \$2 million, with the SBA providing a guaranty of 50%.
- ***Benefit to Small Business:*** Lines of credit typically offered to small businesses for working capital purposes require annual maturities, as well as annual clean-ups of the line for at least 30 days. Under the SBA Express Loan program the line of credit does not require complete payoff during its seven-year term, thereby providing a small business with a dependable source of permanent working capital.

- **SBA LowDoc Loans**

- LowDoc loans streamline the process of making \$150,000-and-under SBA 7(a) guaranteed loans to eligible small business borrowers.
- Maximum SBA guarantee under the LowDoc program is 85% and the maximum loan amount is \$150,000.
- ***Benefit to Small Business:*** These lower dollar amount loans provide for amortization periods of up to 25 years, with a matching maturity of 25 years. In addition, their one-page application form eases the burden of the application process.

- **Certified Development Company (504) Loan Program**

- The (504) loan program provides long-term, fixed rate financing to small businesses for acquiring real estate, machinery or equipment for expansion or modernization.
- This loan's maximum SBA debenture is \$1 million (and up to \$1.3 million in select cases).
- ***Benefit to Small Businesses:*** This loan's SBA guaranteed debenture has a low fixed rate of interest, which is not typically available on a conventional bank loan basis for terms as long as 20 years. This loan offers up to 90% financing on projects of up to \$2.5 million in size.

- **USDA Rural Development Business and Industry Guaranteed Loans**

- The U.S. Department of Agriculture's Rural Business Service provides a government guaranteed loan program, which helps create jobs and stimulates rural economies by providing loan guarantees of up to 80% to rural businesses. **Many communities in Central Florida fit the "rural economy" classification set forth by the USDA.**
- Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing.
- The maximum repayment terms are seven years for working capital, 15 years (or useful life) for machinery and equipment, and 30 years for real estate.
- Assistance under this program is available to virtually any legally organized entity, including nonprofit entities, recognized tribal groups, municipalities and other political sub-divisions of a State.
- These loans are available in rural areas outside of cities with a population of 50,000 or less. Priority is given to applications for loans in rural communities of 25,000 and less.
- The maximum loan amount to any one borrower is \$10 million. This program also offers up to an 80% guaranty, based on the amount borrowed.
- ***Benefit to Small Businesses and Nonprofits:*** This is the only government guaranteed loan program made available to both small businesses and nonprofits and social service agencies. Similar to SBA loans, the program requires that the maturity of the loan match the amortization schedule, thereby eliminating the constant renewal of balloon notes. Thirty-year amortization periods on commercial real estate and 15-year periods for machinery and equipment are generally not available on a conventional loan basis.

- **Farm Service Agency (FSA) Guaranteed Loan Program**

- The USDA Farm Service Agency provides a government guaranteed loan program to assist in making agricultural credit available to farmers who do not meet the lender's normal underwriting criteria.
- This FSA's Farm Ownership loan program provides government guaranteed funding for the purchase of farmland, construction and repair

of buildings, the development of farmland to promote soil and water conservation, or to refinance debt. Farm ownership loans can have terms as high as 40 years.

- The FSA's Operating loan program is used to purchase livestock, farm equipment, feed, seed, farm chemicals, insurance and other operating expenses. It can also be used to pay for minor improvements to buildings, family living expenses and to refinance debts under certain conditions. Operating loans generally have maximum terms of seven years.
- The maximum loan amount under both the guaranteed farm ownership and operating loan programs is currently \$782,000. This amount is adjusted annually for inflation.
- **Benefit to Farmers:** Similar to other guaranteed loan programs, the maturity of the note matches the amortization period, thereby negating the need for costly renewals. Maturities of up to 40 years are available on farm ownership loans. A 95% guarantee is available to a beginning farmer who participates in the agency's beginning farmer program. In addition, under the Interest Assistance Program, the FSA will subsidize 4% of the interest rate on loans to qualifying borrowers.