

OSU Fan?  
Stop in and Enter  
our Drawing!

## News from the Vault

1885 Northwest Boulevard, Columbus, Ohio 43212, Telephone: 614-487-1010, Website – [www.myfirstcitybank.com](http://www.myfirstcitybank.com)



### Chocolate Cafe

The Chocolate Cafe opened in September 2007 and is continuing to grow and serve the community. The Cafe is a woman-owned local business serving soups, salads, sandwiches, martinis, wine, desserts and of course... chocolate! They are open seven days a week and have expanded the business to include **corporate catering, weddings, parties and showers**. Many of the parties are hosted right inside the Cafe!

The Cafe is also very involved with the PAST Foundation - a non-profit educational think tank dedicated to STEM education. "We have had the opportunity through a grant with Columbus State Community College to teach groups of young people about the

baking and business world. Educating young people will continue to be a focus for us... so many life lessons can be learned at a small business!" said owner Lisa.

The Chocolate Cafe is working on expanding its offerings across Central Ohio. They are partners with several delivery services, which gives them the opportunity to reach an even broader audience. They are also growing their online presence as they hope to ship Chocolate Cafe products across the country!

To schedule your next event  
please call (614) 485-2233 or visit  
our website

[www.chocolatecafecolumbus.com](http://www.chocolatecafecolumbus.com)



### First City Bank behind the scenes Darlene Guilbert.

Darlene joined the team in October 2015 as our Commercial Loan Coordinator. She brings with her many years of banking experience. In her role, Darlene supports our lending staff and operations. Among her many responsibilities are processing, closing, funding and loan administration. Darlene is the point of contact for the bank with title companies, appraisers, vendors and is an integral part in delivering the highest level of service our customers have come to expect. When she is not a work, she loves spending time with her family. If you see her in the lobby the next time you are in, please say hello!



## Lender's Corner

With Bob Slaven.

### Why use Small Business Administration funds?

When talking with many of my clients, they often ask about ways they can lower the down payment and lengthen the fixed rate time for their loan terms. In some cases, using an SBA 504 program for a real estate transaction helps on both those items.

For a typical investment real estate transaction, whether it be multi-family housing or commercial property such as office, warehouse or medical space, the terms generally are set by the lending institution based on their underwriting guidelines as there is no secondary market for these loans and are kept on the books of the bank until they are paid off and/or the property is sold.

However, for real estate that meets particular criteria, there are funds available to borrow that can be advantageous. For example, if a new property being purchased is going to be occupied by the new owner for their own business at a minimum of 51% and creating new jobs as a result, you may be eligible to borrow up to 90% of the purchase price (versus a typical 80%) plus build outs to suit your needs. The typical structure of this is: Bank 50%, SBA:40%, Buyer: 10% of the purchase price.

In addition to that, the 40% that the SBA lends under the 504 program, can offer fixed rates amortized up to 25 years. Normally, the bank portion

will be fixed for a duration of 5 years at a time.

By meeting the above criteria of occupancy and employment, you can enjoy both a lower down payment amount along with a normally lower than market interest rate that is fixed for a longer term than a bank can offer.

What are the disadvantages? First, if you don't meet the 51% occupancy or don't create any new jobs, you would not be eligible for these funds. But if you do, there are a couple of items to be aware of!

One of the main items to consider are that the fees for this type of program are considerably higher than that of conventional financing. At First City Bank, for example, our loan fee is 1% of loan or \$2,000, whichever is less (meaning that for a \$200k loan to a \$2million loan, the loan fee would be \$2,000). With the SBA program, the fee is 2.65% of their portion of the loan plus the bank fees. Even though these fees can be financed, they can still add up to quite a bit as the size of the loan increases. As an example, if the SBA portion of a loan were \$500k, the loan fee would be \$13,250.00 (quite a bit more than \$2,000!)

The other item that should be factored in is the prepayment penalty. If there is a possibility that you may not be in the building a minimum of 10 years, we'd need to figure in what it may cost to payoff this portion of the loan as well.

Want to know more? Please just contact us at First City Bank for any questions or to explore if you could be a candidate for these funds. If you'd like, just let us know the situation and we'll line up all the alternatives for you. We've specialized in commercial and investment property lending for over 25 years and would love the opportunity to help you determine the best loan terms based on your needs.

First City Bank can help you achieve your financial goals through investing in real estate, feel free to call me at (614)485-2429 or [rslaven@myfirstcitybank.com](mailto:rslaven@myfirstcitybank.com) and we can talk through a solution that may work for you.



First City Bank Experience is the difference!



Check out our new interactive Kiosk and take a virtual tour of our online banking and mobile banking app.

Already signed up? Explore some of the exciting new features and payment services.

Ask a Customer Service Representative for a demonstration and enter for a chance to win a limited edition autographed Living Legends picture.

# Cyber Corner



**Danielle Chatfield-Beres.**

## ***Something Seems Phishy***

Phishing occurs when a fraudster sends out an email that is designed to look like it is from a legitimate company, but it often sends a user to a fraudulent website where they ask you to provide username, password, PIN, card number, or other information that can be used to steal money.

These emails are often phrased to convince the receiver that they must act immediately to avoid adverse

consequences. Keep an eye out for these catch phrases often used in phishing emails:

- Email Money Transfer Alert: Please verify this payment information below...
- It has come to our attention that your online banking profile needs to be updated as part of our continuous efforts to protect your account and reduce instances of fraud...
- Dear Online Account Holder, Access To Your Account Is Currently Unavailable...
- Important Service Announcement from... You have one unread Security Message!
- We regret to inform you that we had to lock your bank account access. Call (telephone number) to restore your bank account.
- We suspect an unauthorized transaction on your account. To ensure that your account is not

compromised, please click the link below and confirm your identity.

• During our regular verification of accounts, we couldn't verify your information. Please click here to update and verify your information.

• Our records indicate that your account was overcharged. You must call us within 7 days to receive your refund.

If you see one of these phrases, don't click on any links in the email and don't call any phone number listed in the email. Call the company at a publicly-listed phone number to verify the legitimacy of the email before providing any information.

Stay cyber safe out there!

Sources:

**[Independent Community Bankers of America](#)**

**<http://www.onguardonline.gov>**

**<http://www.rcmp.qc.ca/>**

## **CURRENT STATE OF LOCAL COMMERCIAL REAL ESTATE**



### ***From the Desk of Travis McIntyre.***

Demand in the Columbus commercial real estate market continues at a record pace driving sales prices above pre-2008 recession levels. This growth continues despite low capitalization rates which is the rate of return investors can expect based on the net income of a property. While lease rates generally remain high, the net effect of strong demand and a low inventory of properties for sale has driven prices to a level where property cash flows continue to tighten. Additionally, some properties are being acquired in areas of

demand within the I-270 outer belt for the purpose repositioning the property for future development.

Recently I spoke with James Mangas of Best Corporate Real Estate, a licensed residential/commercial broker and leasing agent here in Columbus. I asked James a few questions:

#### **What are you seeing in our local commercial market?**

"Currently, the deals I have been working on have been evenly split between investors and owner-users looking to expand their investment portfolios or business operations respectively. Over the short term, it is difficult to see substantial change in these market conditions as rental rates have not caught up to the high cost of construction, which is a barrier to entry for new commercial development, with the exception of high-end apartments."

#### **What are the biggest challenges in your opinion?**

"The biggest challenge is lack of inventory. Vacancy is low on the leasing side, and there is little available for sale to purchase. When new functional product does hit the market, it normally goes fast with the occasional bidding war."

#### **What are your expectations for the market the rest of this year?**

"Over the short term, it is difficult to see substantial change in these market conditions as rental rates have not caught up to the high cost of construction, which is a barrier to entry for new commercial development, with the exception of high-end apartments."

For more information contact Travis at [tmcintyre@myfirstcitybank.com](mailto:tmcintyre@myfirstcitybank.com) or 614-485-2437