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## **IMPROVEMENTS AT HOLIDAY INN EXPRESS & SUITES - LAMALFA FUNDED WITH HELP FROM MEACO**

### ***Agency's Involvement Smooths The Way To Expansion of Hotel***

Mentor, OH – October 3, 2006 - MEACO, the Mentor Economic Assistance Corporation, made it possible for Holiday Inn Express Hotel and Suites - LaMalfa to complete a much needed expansion to the hotel with a favorable funding package that includes an SBA 504 Loan.

"Our property was missing a pool," said Michael LaMalfa, speaking on behalf of the LaMalfa family, noting the growing competition in the hospitality business. "We felt an indoor would give us an edge. Now have Mentor's largest indoor hotel pool." The project also included 10 extended stay suites, a breakfast bar, patio, fitness center, laundry and elevator. "The new patio area looks over the pool and a retention pond, so you are not just sitting in the back of a parking lot, there's a water feature and the pool there. It makes it a more interesting venue for potential events," he added.

LaMalfa went to MEACO when they came up short on funding for the project with a conventional bank. "We started with some construction money from a bank," he said. "But we weren't able to get enough. Then we went to MEACO. In the end, we were able to restructure the whole deal, lowering the amount we got from the bank, and borrowing more from MEACO at a better interest rate. Talk about people working with you! This was the deal maker for us."

Designed to stimulate business expansion, the SBA 504 Loan Program is available to for-profit small businesses with a net worth of up to seven million dollars. It provides fixed rate financing that is typically below market value. Real estate loans are 20-year term. Loans for heavy equipment are 10 and 20-year terms.

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It wasn't the first time the LaMalfa family had dealt with MEACO. "We actually had two other loans with MEACO, one in 1989 when we built the party center and another for a project in 1998," LaMalfa said. He was impressed with MEACO's ability to make the funding for an expansion go more smoothly. "Of course the numbers have to be there for any expansion you do," he said. "But when you are working with MEACO, it makes the bank feel more comfortable. They see that MEACO is going out on limb, too. It shortens the bank's exposure. When you are doing a project, you have to sell it to the bank. You have one guy in your corner - the loan officer - who's trying to sell you to his board. If he can say, 'Oh by the way, SBA and MEACO are also involved,' it's a huge plus for him to make your project look like a good risk." In the long run, the financing program also saved the LaMalfa family money, because of the better interest rate he was able to secure with his SBA loan.

Frequently used for new construction or expansion loans, the SBA 504 Loan requires the borrower to get initial approval for 50% of the project cost from a private lender. The SBA then guarantees an additional 40%. The borrower's down payment is as little as 10%, a significant advantage over bank financing, which generally requires 20% from the borrower. The SBA will guarantee loans of up to \$1.5 million under this program, making it an ideal funding source for projects as high as \$3.8 million. The financing is available for land, buildings, whether new construction or renovations, and/or equipment.

LaMalfa is sold on the benefit to a small business owner of working with MEACO. "Last but not least, they are great people to work with," he said. "When you are working with the bank, there seem to be a lot of hurdles put in front of you. Working with MEACO was very different. We felt they believed in our idea. Of course they needed the numbers and the paperwork, but they were more involved with us all around. They worked with us as a team. Everything was simple and they helped us with the paperwork. They were there to answer questions. You don't have to be a conglomerate, a small business owner can do this with MEACO. It's not that difficult."

For more than 23 years, MEACO has helped new and existing local businesses obtain long-term, low-interest loans for building construction, expansion or new equipment purchases. Working directly with small businesses and their banks to get prompt financing, MEACO also provides valuable assistance to applicants throughout the paperwork process. MEACO has helped finance projects for small and medium-sized businesses throughout Mentor, and has resulted in the creation or retention of more than 1,300 jobs throughout the city. Visit the MEACO website at [www.meacoweb.com](http://www.meacoweb.com) or contact Tom Thielman at 440-974-5739 or [meaco@cityofmentor.com](mailto:meaco@cityofmentor.com) for more information.

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**Photo Caption:** *Using an SBA 504 loan from MEACO, the LaMalfa family was able to finance major additions including an indoor swimming pool and additional hotel rooms to Holiday Inn Express Hotel and Suites, LaMalfa in Mentor.*

**Editor Note:** *Thomas Thielman, MEACO Executive Director, is available for commentary. Please contact Tom Mitchell, Marshfield Group, 440-974-8448 or 216-219-5645 (cell) to schedule an interview.*