CDFI Bond Guarantee Program
Application Basics

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Scott Young, CRF
Cathy Dolan, OFN

October 17, 2013

Session Objectives

★ Help you understand the benefits of the Program

★ Help you better understand Program qualifications

★ Provide an overview of the application process
Agenda

- What is the Bond Guarantee Program (BGP)?
  Cathy Dolan, COO, Opportunity Finance Network

- Is this Program Right for you?
  Charlotte Crow, Treasurer, Enterprise Community Loan Fund

- How do you Get Ready for the Application?
  Merilyn Rovira, SVP, Community Development Trust

- Guarantee Application and Process
  Scott Young, CFO, Community Reinvestment Fund

What is the BGP?

- New source of long term financing for CDFIs

- CDFIs can borrow a minimum of $10 million for as long as 30 years from the Federal Government at a cost of about 100 bps (+/- 25 bps) above Treasury Bonds

- Debt is 100% recourse to CDFI and secured by loan receivables

- Entity-based financing not project-based financing
Summary of 2013 Round

★ Inaugural Year was Short

Only $500 million available (instead of $1 Billion)

Application period was less than two months

★ More than $600 million of applications submitted

★ $325 million of approved Guarantees announced on September 30, 2013

2014 Round

★ Expect at least $500 million to be available

Will work to get full $1 Billion authorized in 2014 Federal Budget

★ Expect 2014 Application materials to be similar if not the same as in 2013 Round

★ Suggest starting application preparation now

CDFI Fund might accept applications on rolling basis which means first come, first serve.
How Do You Apply?

- Designate a Qualified Issuer (QI) to issue a Bond on your behalf
- If you are borrowing less than $100 million, work with your QI to find other CDFIs to join your Bond Issue (minimum of $100 million)
- In coordination with your QI, submit a Guarantee Application
- Once 2014 Round is open, decisions from CDFI Fund are required within 90 days of application meeting Eligibility Requirements
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Is this Program Right for You?

- Bond Financing Uses
- What Makes BGP Capital Different
- Potential Opportunities
- Potential Risks
Enterprise Community Partners, Inc.

Enterprise Community Investment, Inc.

Enterprise Community Loan Fund, Inc.

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<td>501(c)(3) nonprofit public charity</td>
<td>501(c)(4) tax-exempt</td>
<td>509(a)(3) supporting nonprofit of Enterprise Community Partners, Inc.</td>
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<td>Board Structure</td>
<td>Trustees elected by Board, Independent Chair</td>
<td>Directors appointed by Board of Enterprise Community Partners, Inc.</td>
<td>Directors appointed by Enterprise Community Partners, Inc., chaired by Partners Chief Executive Officer</td>
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<td>Businesses</td>
<td>Improving Public Policy, Grant Making, Market Partner Solutions and Capacity Building, National Initiatives, Knowledge Sharing &amp; Impact Measurement</td>
<td>Tax Credit Syndication, Multifamily Mortgage, Structured Finance, Development (Enterprise Homes)</td>
<td>Predevelopment, Acquisition, Construction, Working Capital, MiniPerm, Equity Bridge, Specialized Loan Funds</td>
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Bond Financing Uses

★ Eligible CDFI must make Secondary Loans to Eligible Asset Classes
★ Proposed Uses
★ Ability to revise Capital Distribution Plan at a later date

☆ CDFI-to-CDFI / CDFI to Financing Entity (other than a Certified CDFI)
☆ Charter Schools
☆ Commercial Real Estate
☆ Daycare Centers
☆ Healthcare Facilities
☆ Rental Housing
☆ Rural Infrastructure
☆ Owner-occupied homes
☆ Licensed Senior Living
☆ Long-Term Care Facilities
☆ Small Business (for-profit)
☆ Not-For-Profit Organizations
What Makes BGP Capital Different?

★ Key Differences from Traditional Lending Capital:
  - Risk share Pool
  - Security/Collateral
  - Additional Credit Enhancement
  - Qualified Issuer
★ Impact on Existing Investor Relationships/Agreements
★ Rates and Fees
★ Repayment Structure

Potential Opportunities

★ Financial
★ Mission
★ Reputational
Potential Risks

★ 3% Risk Share
★ Relending and Repayment Risk
★ Long-dated Obligation
★ Reputational Risk