



# **Eligible CDFI Considerations**

## Pipeline of Eligible Secondary Loans

- Historical experience in sourcing, underwriting, closing and monitoring the selected Asset Classes?
- 12 and 24 month commitment (closing) thresholds. 100% deployed in 5 years.
- Secondary Loan Requirements:
  - Interim Regulations (1808.307, 1808.308, 1808.608, 1808.609, 1808.614, 1808.615 and 1808.618)

# Business Plan for Use of Bond Proceeds – Does it Work?

- Interest Rate Risk Management – locks at draw
- Bonds Amortization – level debt service
- One Time Bond Advance Interest Only Period (available)
- Optional Call Provision with FFB – bond prepayment protection
- Product Profitability
  - Term and amortization of Bond Loan versus Secondary Loans
  - Spread
  - Credit and Loss Assumptions

# Borrowing Capacity

- Secured, long-term fixed rate capital
- General recourse debt to the Eligible CDFI. Primary source of repayment is cash flow from operations.
- Secondary source of repayment is liquidation of collateral
- Covenant Themes
  - Profitability
  - Asset Quality
  - Equity Position
  - Leverage

## What Decisions Do I Need to Make?

- Qualified Issuer
- Secondary Loan Eligibility
- Asset Classes
- Financial Covenants
- Overcollateralization level
- Term (i.e. up to 29.5 years) and Payment Frequency
- Prepayment Provisions
- Credit Enhancements



**Qualified Issuer and Eligible CDFI Document In Term Sheet at Time of Guarantee Application**



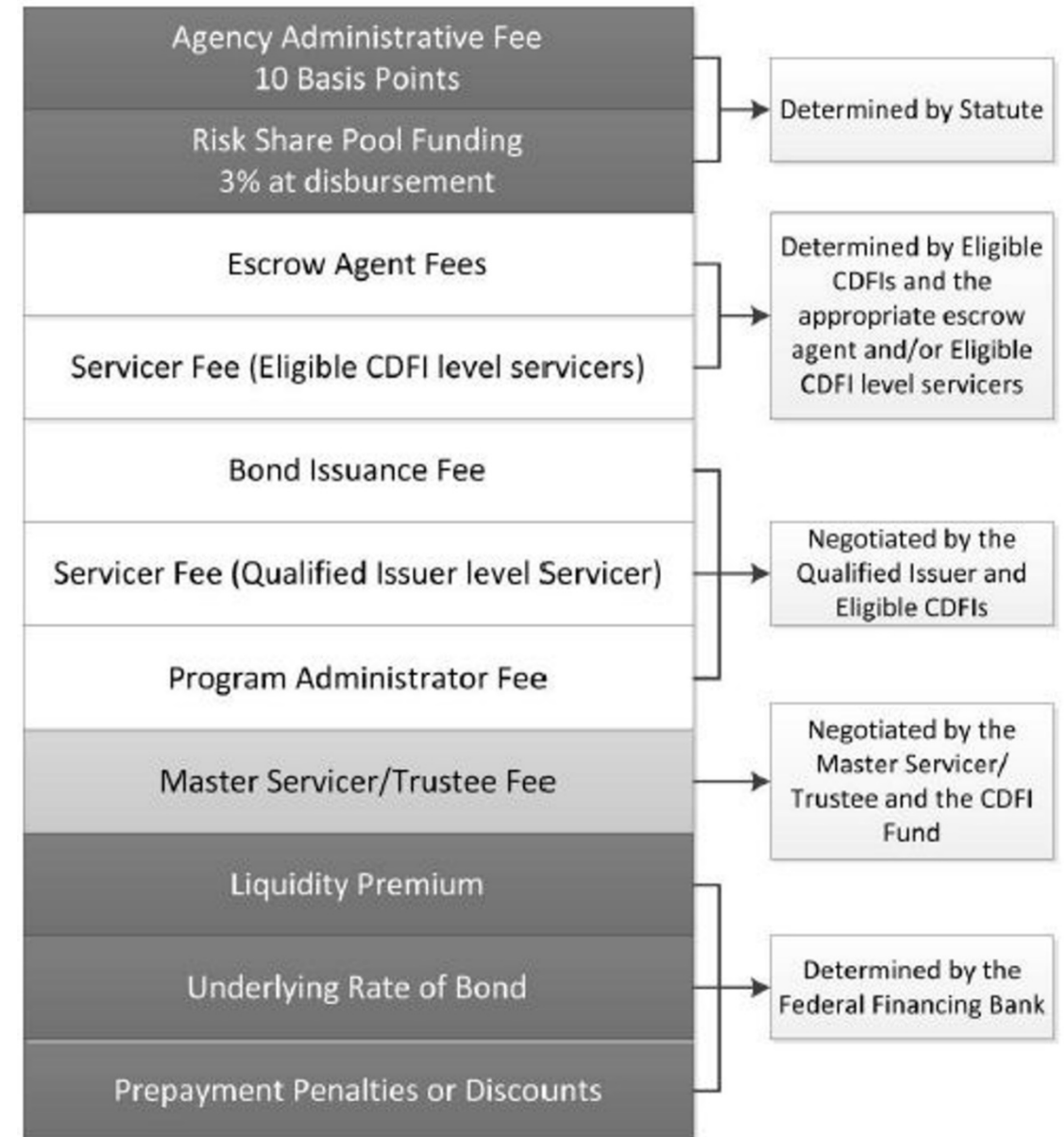
# What Drives an Eligible CDFI's Cost to Borrower?

## Cost Drivers:

- Size of Bond Issue
- # of Eligible CDFIs
- # of Secondary Loans / Bond Loan Draws
- Bond Term

# Bond Issuance - All In Costs

\*Escrow Agent Fees – Escrow and Custodian.  
Counsel: Borrower, MST, QI, and Escrow Agent.



# Insights to the Application & Review Process

- Eligibility Screen and Completeness of Application
- Underwriting
  - Credit Evaluation
  - Conference Calls
  - OMB
- Due Diligence/On-Site Visit
  - Focus on safety and soundness
  - Completeness of policies and compliance procedures
  - Loan underwriting and servicing
  - Selected file review