



2013 OPPORTUNITY FINANCE NETWORK
ANNUAL CONFERENCE
PHILADELPHIA, PA • OCT. 15-18, 2013

CDFI Bond Guarantee Program Application Basics

Charlotte Crow, Enterprise
Meryln Rovira, CDT
Scott Young, CRF
Cathy Dolan, OFN

October 17, 2013

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CDFI Bond Guarantee Program Application Basics

Session Objectives

- ★ Help you understand the benefits of the Program
- ★ Help you better understand Program qualifications
- ★ Provide an overview of the application process

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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

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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

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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

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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.*

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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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ALIGNING CAPITAL WITH JUSTICE
Enterprise

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Charlotte Crow, Enterprise Community Loan Fund
October 17, 2013

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Is this Program Right for You?

- ★ Bond Financing Uses
- ★ What Makes BGP Capital Different
- ★ Potential Opportunities
- ★ Potential Risks

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graph TD
    ECP[Enterprise Community Partners, Inc.] --> ECI[Enterprise Community Investment, Inc.]
    ECP --> ECLF[Enterprise Community Loan Fund, Inc.]
    
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	Enterprise Community Partners, Inc.	Enterprise Community Investment, Inc.	Enterprise Community Loan Fund, Inc.
Legal Status	501(c)(3) nonprofit public charity	501(c)(4) tax-exempt	509(a)(3) supporting nonprofit of Enterprise Community Partners, Inc.
Board Structure	Trustees elected by Board; independent Chair	Directors appointed by Board of Enterprise Community Partners, Inc.	Directors appointed by Enterprise Community Partners, Inc., chaired by Partners Chief Executive Officer
Businesses	Improving Public Policy, Grant Making, Market Partner Solutions and Capacity Building, National Initiatives, Knowledge Sharing & Impact Measurement	Tax Credit Syndication, Multifamily Mortgage, Structured Finance, Development (Enterprise Homes)	Predevelopment, Acquisition, Construction, Working Capital, Mini Perm, Equity Bridge, Specialized Loan Funds.

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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

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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

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Potential Opportunities

- ★ Financial
- ★ Mission
- ★ Reputational

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Potential Risks

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

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