

NDC Small Business Lending

Grow America Fund & Community
Loan Fund

ICMA Annual Conference
Kansas City, MO

September 27, 2016



National Development Council

Partners in Community Development Since 1969

NDC's work focuses on HOMES, JOBS and COMMUNITY. Founded as a national nonprofit in 1969, NDC has worked for almost 50 years fulfilling its mission to increase the flow of capital for investment in low-income communities. NDC directs capital to support the development and preservation of affordable housing, the creation of jobs through training and small business lending and the advancement of livable communities through investment in social infrastructure.



HOMES JOBS COMMUNITY



IMPACT AT A GLANCE

\$610M

in Equity Raised
by Private
Investors

\$704M

in New Markets
Tax Credit
Allocation

\$2.5B

in Public-Private
Partnership
Development

\$210M

in Small
Business Loans

70K+

Practitioners
Trained

100+

TA Client
Communities



Homes Jobs Community

...

JOBS

NDC Small Business Lending

The NDC Grow America Fund, an SBA licensed Small Business Lending Company, in cooperation with our community partners, provides financing to growing small businesses throughout the country. NDC GAF operates as a community development lender to support the expansion of eligible small businesses and the creation of jobs in economically disadvantaged neighborhoods, particularly for minority and women-owned businesses.

We have loaned more than \$210 million to over 528 small businesses, creating and retaining nearly 13,462 jobs, as well as thousands of construction jobs

What is NDC Grow America Fund?



- A locally based lending partnership combining public and private resources
- A United States Treasury recognized Community Development Financial Institution (CDFI)
- Nation's only nonprofit SBLC
- Our lending partners include JP Morgan Chase, Ford Foundation, Urban League, Discover Bank, U.S. Treasury (CDFI FA), PNC Bank, Morgan Stanley, Seattle Foundation, Cleveland Community Foundation and states/ municipalities nation-wide
- A long-term, revolving loan fund designed to help businesses expand
- The goal of the program is to help businesses create and retain jobs
- GAF is designed to leverage equity to a minimum of 4 to 1
- We are active in nearly 40 communities across the United States from New York, NY to Seattle, WA to Gainesville, FL and Port Arthur, TX.

What are the advantages of this program for the businesses?

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- Long term financing
- Low equity requirement
- Flexible underwriting criteria
- Limited pre-payment penalties
- Loans tailored to individual borrowers
- Leverages scarce local dollars
- Extends local staff capacity
- Provides technical assistance along with loan capital

What can GAF dollars be used for?

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- Real estate acquisitions for small business (max term 25yrs.)
- Debt refinancing
- Leasehold improvements
- Machinery and equipment
- Permanent working capital

What GAF dollars **CANNOT** be used for:

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- **Venture capital**
- **Research and development**
- **Equity needs**

How Much Can GAF Lend?

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- Loans range from \$100,000 to \$5,000,000
- The U.S. Small Business Administration (SBA) guarantees 85% of all loans less than \$150,000 and 75% of all loans more than \$150,000

What are the requirements for a GAF Loan?

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- Meet SBA size and eligibility requirements.
- Repay loan through existing or projected cash flow
- Fully collateralize the loan with available assets
- Personally guarantee the repayment of the loan

What are the fees?

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- Fees vary with the size of the loan
- SBA guarantee fee of 2% to 3.75% of the guaranteed portion of the loan, payable to the SBA and may be paid from loan proceeds
- Closing deposit of 1%, due after the loan request is approved
- Other closing costs (can be financed as part of the loan)

Cuyahoga County



- Cuyahoga County has invested \$3.2 million with an additional \$600,000 from community partners for an original \$12.8 million loan program.
- Due repayment and reinvestment, that loan program has grown to over \$17.6 million in loans and will grow to over \$23 million in loans.
- As of today, the County’s investment has resulted in a scant \$4,233 cost per job created or retained.

GAF LOANS MADE:			\$17,642,100	
TOTAL PROJECT COSTS:			\$23,094,674	
LEVERAGE OF COUNTY INVESTMENT:			\$7.22	: \$1
# OF GAF LOANS MADE:			34	
AVERAGE LOAN SIZE:			\$518,885	
TOTAL JOBS RETAINED [AND TO BE] CREATED:			756	
COUNTY INVESTMENT PER JOB:			\$4,233	

Small Business Lending Case Study

Undercar Express – Cleveland, OH

- Company refurbishes calipers.
- Profitable 11 out of 12 years in existence including 9 straight.
- Lost its line-of-credit in the 2008 fiscal crises.
- GAF provided a \$1.3 million loan leveraging a \$5.6 million restructuring.
- Since the restructuring, sales have risen by nearly \$2 million and the company has added 14 employees.



Small Business Lending Case Study

Martin Sheet Metal– Cleveland, OH



- Started by Jim Martin's grandfather in 1922, Martin Sheet Metal d.b.a. as Martin Cab are leaders in the designing and manufacturing of steel and fabric cab enclosures.
- Like many manufacturers, Martin Cab struggled in these difficult times and found itself in a difficult position with its bank.
- GAF refinanced its existing debt while providing it additional working capital.
- To date, sales are up 67% and profits up tenfold.

Small Business Lending Case Study

Daily Behavioral Health– Cleveland, OH

- Dr. Cara Daily's business offers psychological services for children and adolescents with various medical conditions, developmental disabilities, and other special needs.
- GAF provided a \$232k loan to offset \$245 redevelopment of a former convent for her offices.

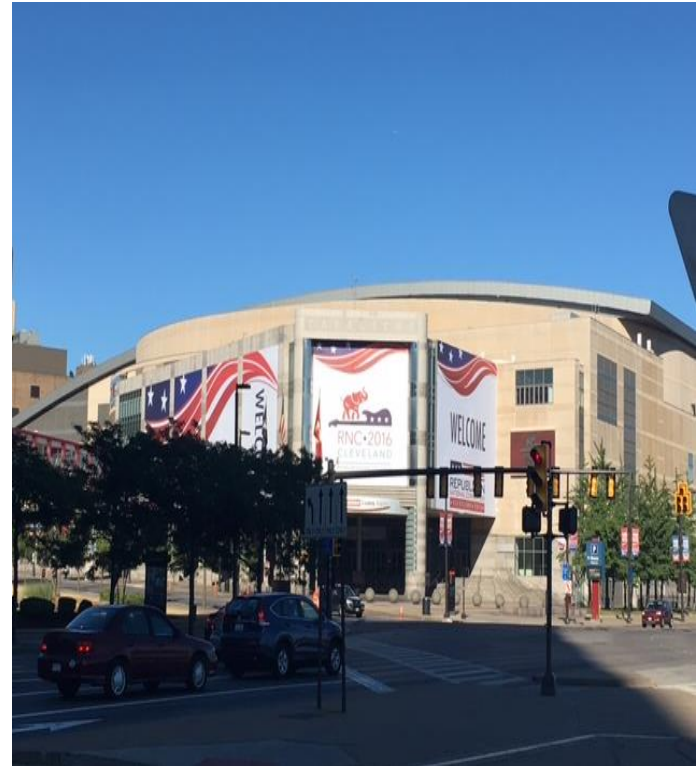


Expanding to Meet Community Lending Needs

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**Urban League Cleveland
and RNC kick off
Centennial Celebration
POP UP Store**

5 businesses \$5,000



Expanding to Meet Business Community Lending Needs



- In 2016, NDC in partnership with Morgan Stanley, the National Urban League and its Cleveland Chapter, and Cuyahoga County initiated a minority business loan program called the Cleveland Capital Access Fund
- Compliments the existing SBA program
- Non-SBA guaranteed loans
- Smaller in size and tailored to provide speedy access to capital
- Relaxed underwriting standards
- Flexible repayment terms
- NDC administers through its non-SBA CDFI, NDC Community Loan Fund (CLF)

Contact Information

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