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**CAPITAL**

# **Stabilization Loans**

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Flexible Financing to Bridge the Crisis

# NC's Goals

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**Our mission is to support the NWA Network with flexible financing solutions**

- We have the capital, built up over the last 20 years, to make low-cost loans in a time of severe disruption
- We have the capacity to act quickly and decisively
- We want to assist as many NWO's on a path to success
- These Loans are NOT to save an NWO on the brink of insolvency
- These Loans are to stabilize your working capital to bridge the crisis and thrive on the other side
- Limited amount of funding, so stopping application on July 31, 2020

# Guided by Data and Stories

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We surveyed leaders at all NWO's in late March

- 93% said they were applying for a PPP loan
- 50% said they would probably need and want other financing, too

Requests for payment deferrals and loan modifications trickle in

We've spoken with 60+ NWO's who are current and recent borrowers

Most of the NWA Relationship Managers and Regional VPs

- Rent collection
  - Program fees
  - Donor funding
  - Community events
- } **DOWN**
- Service demand
- UP**

# Basic terms of an NC Stabilization Loan

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<b>Loan amount</b>	From \$50,000 to \$500,000
<b>Loan term</b>	Up to 24 months
<b>Interest rate</b>	Based on Loan amount 3.00% for loans up to \$100,000 3.25% for loans up to \$250,000 3.50% for loans up to \$500,000
<b>Collateral</b>	None required
<b>Fees</b>	\$1,000 application/closing fee
<b>Application</b>	Form and schedules – we can be flexible about using your files

# Process and Timing

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## Process Steps

Download Application Form and Schedules

Discuss questions and Schedules with Loan Officer

Complete Application submitted

Initial Assessment if Declined 5 days

Underwriting and Approval 15 days

Loan Docs and Closing Checklist 3 days

Closing and Funding 5 to 15 days

# Reporting and Repayment

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## Financial reports

Quarterly balance sheet and income statement

Quarterly updated Cash Flow Forecast

Quarterly report on securing/obtaining repayment sources

Annual audit, Real Estate, and Debt Schedules

## Principal payments

Structured payments at (negotiated) milestones during loan term

Example – 24 month loan term

20% repaid at 12 mos, 30% at 18 mos, balance at maturity

## Interest payments

Interest will be held back from funding for loan term

Example - \$250,000 loan has \$13,406 interest reserve  
funding to NWO at closing is \$236,594

# Cash flow is critical

The PRIMARY underwriting for Stabilization Loans is your corporate cash flow:

- \$ Looking at past and forecasted
- \$ Pre- and post-COVID-19 factors driving growth and decline
- \$ Key factors to recovering past sources, developing new sources of cash flow
- \$ Quarterly updates with assumptions/explanations
- \$ We provide a form schedule with the application, open to using one you already use

## Impact on operations & revenue

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We want to know

- A detailed explanation of impacts COVID-19 has had on your operations
- Where and how you are serving customers now (instead of in-person)
- How much demand for your services/programs has changed and expenses increased

## Alternative funding

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We want to know

- Stabilization Loan is not the only funding you are looking for
- Grants, donation, other loans you are pursuing, and likelihood and timing of receiving
- If you got a PPP “loan”, if keeping it
- Have donors’ focus and resources changed in COVID-19 & recession economy



## Rental portfolio performance

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We want to know

- Reduced rent collections, how much
- Requests for rent relief from residents
- Increased property operating expenses (cleaning, tenant engagement, monitoring, etc.)
- Relief requested from your lenders

## Real estate pipeline

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We want to know

- Projects slowed or stopped in predevelopment
- State/local funding changes due to recession
- Construction activity permitted and active
- Local agency processing, approval and inspection

## Financial reporting capacity

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We want to know

- Consistently produce financials within 30 days of month end
- Process to update cash flow forecast quarterly

## Repayment sources

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We want to know

- Identified potential repayment sources with timing confidence
- Included these in cash flow forecast
- Could include
  - ✓ Developer & asset mgmt fees
  - ✓ Recovered property cash flow
  - ✓ HOC program fees

# RECAP

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<b>Loan amount</b>	\$50,000 to \$500,000
<b>Loan term</b>	Up to 24 months
<b>Interest rate</b>	3.00% to 3.50% based on loan amount
<b>Collateral</b>	None required
<b>Repayment</b>	Structured principal payments at timing milestones
<b>Fees</b>	\$1,000 application/closing fee
<b>Deadline</b>	Accepting applications through July 31, 2020
<b>Application</b>	Form with narratives Cash Flow Forecast, Real Estate, Debt Schedules Staff biographies



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# Questions?

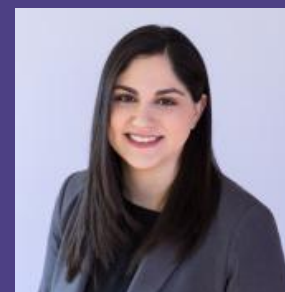
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