

In direct response to the COVID-19 pandemic, NeighborWorks Capital (NC) introduces **Stabilization Loans**. This financing solution will quickly provide NeighborWorks affiliates with low-interest loans up to \$500,000—working capital and liquidity to help you mitigate the impacts of the COVID-19 crisis on your organization, your customers, and the communities you serve.

Based on the survey we sent to the Network in late March, we learned that many NWOs were beginning to experience a cash flow crunch because of reductions in your programs forced by social distancing and business closures; slow-downs in real estate development construction and administrative processing; reductions in rent collection from residents and commercial tenants; and increased demands for all the services that you provide.

## What can we use the loan for?

A Stabilization Loan can be used for any of your organization's current needs including:

- supporting all program operations and payroll
- funding real estate development or predevelopment costs
- funding customer mortgage loans and downpayment assistance grants

## How does this compare with a PPP loan?

- NC has funds available NOW for new loans.
- These are not forgivable loans, and principal will be repaid on a schedule.
- NC is underwriting your NWO's ability to repay the loan principal on a schedule.

## What are the terms of the loan?

Stabilization Loans will have a term of 12 to 24 months, depending on the need of each NWO, and carry an interest rate of 3.0% to 3.5% based on the amount borrowed. All interest for the loan will be capitalized, so no interest payments will be required during the loan term. We will not require any collateral for the loan.

Because this is a loan, the principal will need to be repaid. We will work with you to develop a structured repayment schedule, retiring the principal throughout the loan term, so the loan is fully repaid at maturity.

## When can we apply for a loan?

The Loan Application materials are available now [here](#). NC has a limited supply of low-cost capital to fund SLP loans, so we will only be accepting applications through July 31, 2020. We expect that this pool of money will be fully committed long before then, so we encourage you to contact one of our Loan Officers right away to get started.

## What will I need to apply?

We need to get a complete application package from you to fully evaluate the impacts that the COVID-19 crisis has had on your NWO, what your future cash flows are likely to be, and how long you will likely need the loan.

The application materials are fairly basic, in the interest of processing and funding loans as soon as possible.

A complete application package will include:

- Completed Stabilization Loan Application Form
- Last three years audited financial statements
- March 31, 2020 financial statements
- Biographies of key staff and consultants
- Cash flow history and quarterly forecast
- Schedule of real estate your NWO owns
- Schedule of your corporate debts

### What will you be underwriting?

As with all of our loans, NC will be assessing your capacity to repay. Our underwriting will evaluate your past and future cash flows, as well as the near and medium-term impacts that COVID-19 has had on your operations, to determine an appropriate loan amount and repayment structure. Specific areas of impact we will examine include:

- How your real estate portfolio is performing
- What cash flow/revenue sources have shrunk because of COVID-19
- The alternative funding sources you are developing
- How significant an impact COVID-19 has had on your operations and program delivery

### How long will it take to get approved and funded?

Once we receive a complete application from you, which may involve some clarifying questions, we should have a term sheet to you within 10 business days.

After we agree on the loan terms, we should take about 5 business days to get the loan approved, and another 10 business days to close and fund.

### How will interest payments be handled?

NC will hold back a portion of the loan amount as an interest reserve during the loan term, so you won't have to use your cash to make payments.

The amount that NC holds back will depend on the loan amount and loan term. We can provide you with a schedule of the interest accruals and payments.

### What will I have to send to NC during the loan term?

Each quarter we will get financial statements and an updated 24-month cash flow forecast from you, to allow NC to gauge your financial health. We will also collect a quarterly status report on the repayment sources you expect for the loan. This report might include an update on specific grants requested, the status of a service contract, when development project delays will be resolved, or how soon you will have programs up and running again.

Each year we will collect your audited financial statements, updated debt and real estate owned schedules, and evidence of insurance.

### Where can I find more information?

We are hosting several webinars to go over more specific information and answer your (and your peers') questions. Our website will also have updated information.

#### For more information, please contact

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#### States covered

AL, CT, FL, GA, IA, IL, IN, ME, MI, NJ, PR, RI, SC, WI

DC, DE, KY, LA, MA, MD, MN, MO, MS, NC, ND, NH, NY, OH, PA, TN, VA, VT, WV

AK, AR, AZ, CA, CO, HI, ID, KS, MT, NE, NM, NV, OK, OR, SD, TX, UT, WA, WY