

NeighborWorks Capital



Points of Impact

2012

- 13 Years serving the NeighborWorks Network
- \$102 million in lending
- 210+ loans for affordable rental and for-sale housing
- 10,000 affordable homes and apartments
- 476,000 square feet of commercial space
- 73 customers and growing
- \$1.4 billion in leverage
- 93% of loans assisted housing projects at 80% AMI or below
- Most loan products for project concept through recapitalization

Sample Projects Financed

Rental Preservation



Cimarron Apartments – Alamo Area Mutual Housing Association

San Antonio, TX

NC provided a \$7,500,000 Interim Acquisition Loan to Alamo Area Mutual Housing Association (AAMHA) to acquire the Cimarron Apartments, a 140-unit garden-style rental property in Universal City, Texas that was being sold by a private owner. **NC was able to provide flexible terms to assure AAMHA could close within 60 days, provide funds for minor repairs and incorporate resident programs while assembling permanent financing.** This loan was done in participation with Enterprise Community Loan Fund and Community Housing Capital. This is NC's fifth loan with this borrower.



Tallcorn Apartments – CommonBond Communities

Marshalltown, IA

NC provided both a predevelopment and bridge loan to assist in the conversion of this historic hotel in Marshalltown, Iowa into a mixture of 49 affordable rental housing units and commercial retail spaces. This is NC's first financing with CommonBond, a large upper Midwest district member of the NeighborWorks network. **NC's predevelopment loan provided critically-needed working capital to move the project to financial closing; and the NC bridge loan enables the project to proceed with construction while awaiting the final allocation of State of Iowa historic tax credits.**

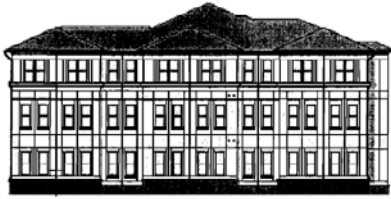


Lakewood & McKay Apartments – Southwest Minnesota Housing Partnership

Alexandria, MN

NC provided subordinated loans for two properties purchased by this large nonprofit in Minnesota – Lakewood Apartments (72 units) and McKay Apartments (30 units). In two separate transactions, this first-time NC borrower **used NC's flexible lending capital to leverage a significant investment from a local community banking partner and preserve these "market affordable" properties while permanent, long-term financing is assembled.**

Rental Production



Catawba Senior Housing – Charlotte Mecklenburg Housing Ptnshp

Charlotte, NC

NC provided both an unsecured predevelopment loan as well as a site acquisition loan for the construction of 62 units of affordable rental housing for seniors. **NC funds enabled CMHP to gain site control prior to closing on tax credit equity and construction financing, and provided working capital to cover the substantial up-front costs associated with a LIHTC transaction.**



Las Abuelitas – Primavera Foundation

South Tucson, AZ

With a loan from NC, the Primavera Foundation will be able to fund the construction gap for this new 12-unit rental development designed for intergenerational (grandparents and grandchildren) occupancy, while completing a fundraising capital campaign. All 12 apartments are affordable to households earning 50% or less of AMI.



Camino Esperanza – Cabrillo Economic Development Corp.

Simi Valley, CA

Cabrillo Economic Development Corp. used NC's predevelopment financing to begin design and environmental work for 30 new apartments that will be occupied by adults with developmental disabilities. On-site services for residents will be provided in partnership with two local nonprofit organizations.

For Sale Homes



Teche Ridge – Southern Mutual Help Association

New Iberia, LA

NC is providing financing for site development and engineering to facilitate this multi-phase single family development that will be constructed in accordance with Traditional Neighborhood Design (TND) principles. In conjunction with Rural LISC, NC's financing will enable the sponsor to move forward with a project that will have a significant impact on the quality of life in a rapidly-developing rural area of the State of Louisiana.

Investments

With the confidence of new partner investments, as well as increased support from existing investors, our capital base has increased 31% in 2012 to over \$46 million. This is an increase of 164% since 2010. NC thanks the new and renewing members of our investor partners and their commitment to the NeighborWorks organizations we finance:

Wells Fargo Bank - Wells Fargo has a long history supporting affordable for-sale and multifamily housing and is a strategic partner of NeighborWorks America. The bank is an innovator and leader in investing in CDFIs through its “NEXT Awards” in partnership with Opportunity Finance Network. The bank committed a \$1 million EQ2 investment and a \$4 million line of credit for our interim & mini-perm lending program.

Morgan Stanley Bank - Morgan Stanley is an innovative and leading investor in CDFIs focused on community development and affordable housing and closed on a \$4 million line of credit for our interim and mini-perm lending program.

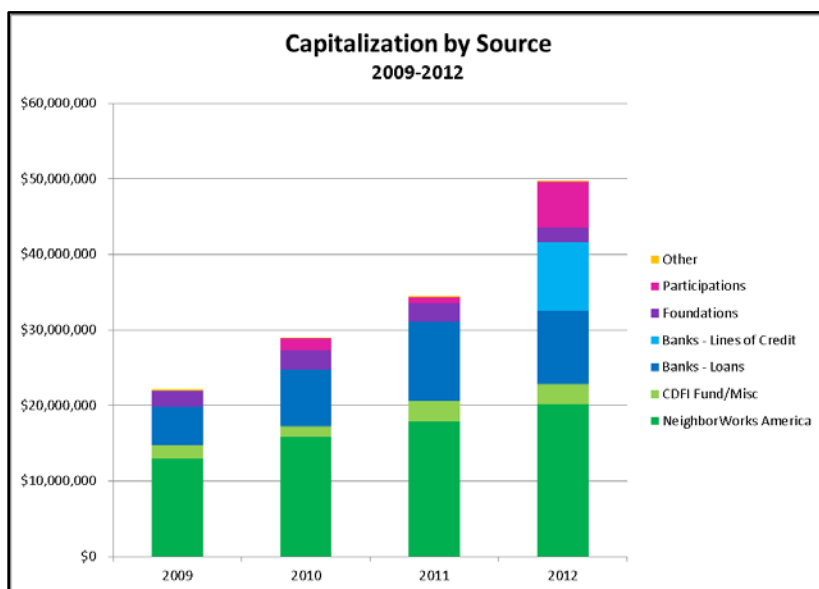
NeighborWorks America – Our key strategic partner since 2000, NeighborWorks America provided \$2.25 million in equity capital bringing its total capital investment to over \$21 million.

PNC Bank - As a leading national multifamily lender and investor PNC provided a \$2 million facility in support of NC’s lending in their market areas in the mid-atlantic and midwestern sections of the country.

Ally Bank – In 2012 Ally Bank renewed its commitment by increasing its investment to \$6.25 million. They also allowed NC to utilize its investment in an expanded geography. Ally is our largest financial institution investment to date!

Calvert Foundation – A leading social investor in community development and partner with NC since 2003 recently increased its investment to \$2 million.

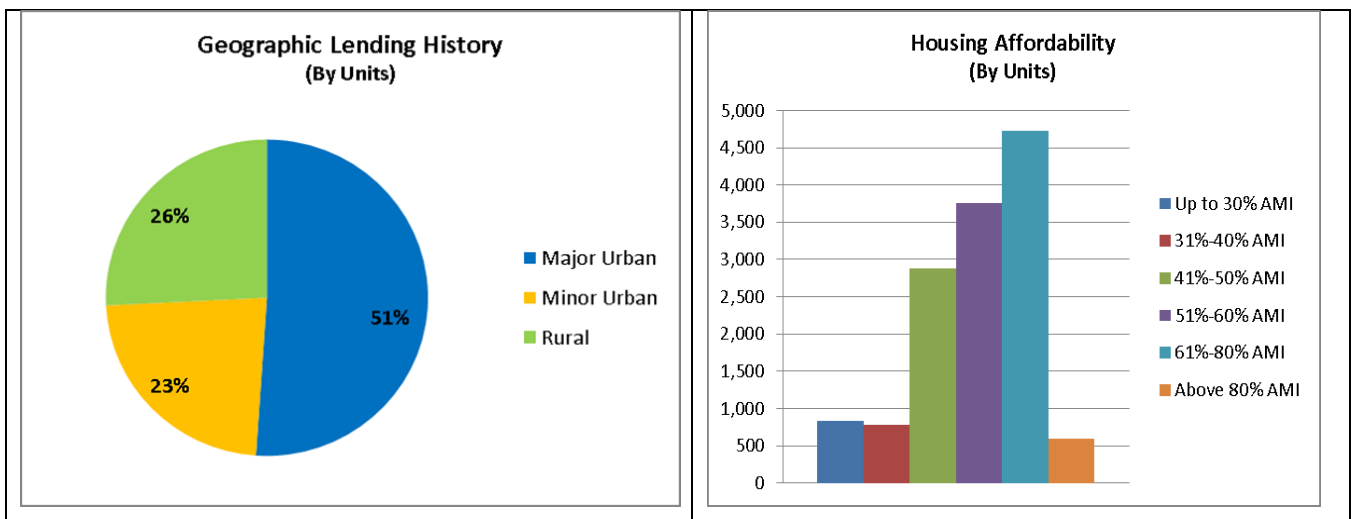
Opportunity Finance Network (OFN) Create Jobs for USA - NC was awarded \$172,500 in capital in the form of a grant from the Create Jobs for USA Fund. This innovative fund was seeded by Starbucks Foundation to help create and sustain jobs in America. NC will use this capital to provide loans to affordable housing and commercial projects that are committed to creating and sustaining jobs.



Impact Data

NeighborWorks Capital measures our lending impact by three criteria: Housing Units/Commercial Square Feet, Leverage of Financing, and Affordability. In 2012, NC was able to increase its community development impact:

- ⊙ Assisted in creation or preservation of 829 rental units in 14 projects
- ⊙ Originated \$18.32 million of Predevelopment, Interim Acquisition and Mini-Perm Loans. For every dollar lent by NC, an additional \$5.25 dollars of construction and permanent financing resulted from private sector lenders and government programs
- ⊙ 86% of housing units financed were affordable at or below 60% of Area Median Income and 90% were affordable at or below 80% of Area Median Income



Key Metrics

	2010	2011	2012
Self Sustainability	86%	97%	114%
Months of Operating Cash	9.65	12.33	17.55
Net Operating Income	\$102,675	\$349,666	\$537,537
Net Interest Margin	2.40	2.57	3.13
Current Ratio	5:60:1	6.83:1	69.25:1
Debt/Equity Ratio	74%	69%	106%
Net Assets/Total Assets	58%	60%	62%
Loan Loss Reserve Rate	5.90%	4.43%	5.02%
Deployment Ratio	85%	89%	83%