

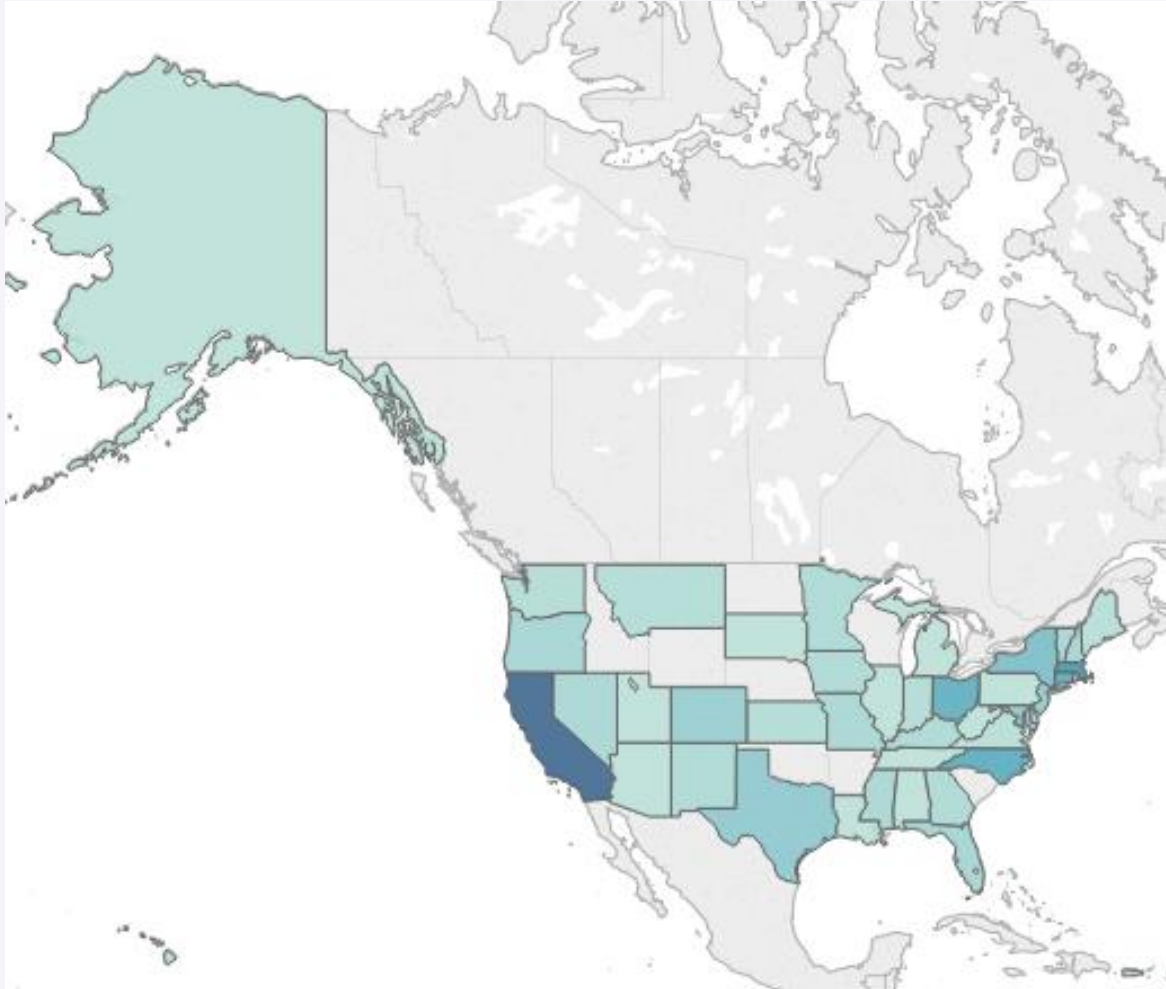
Finding Flexible Financing Solutions for Homebuilders



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About NeighborWorks Capital



Lending to NW network since 2000

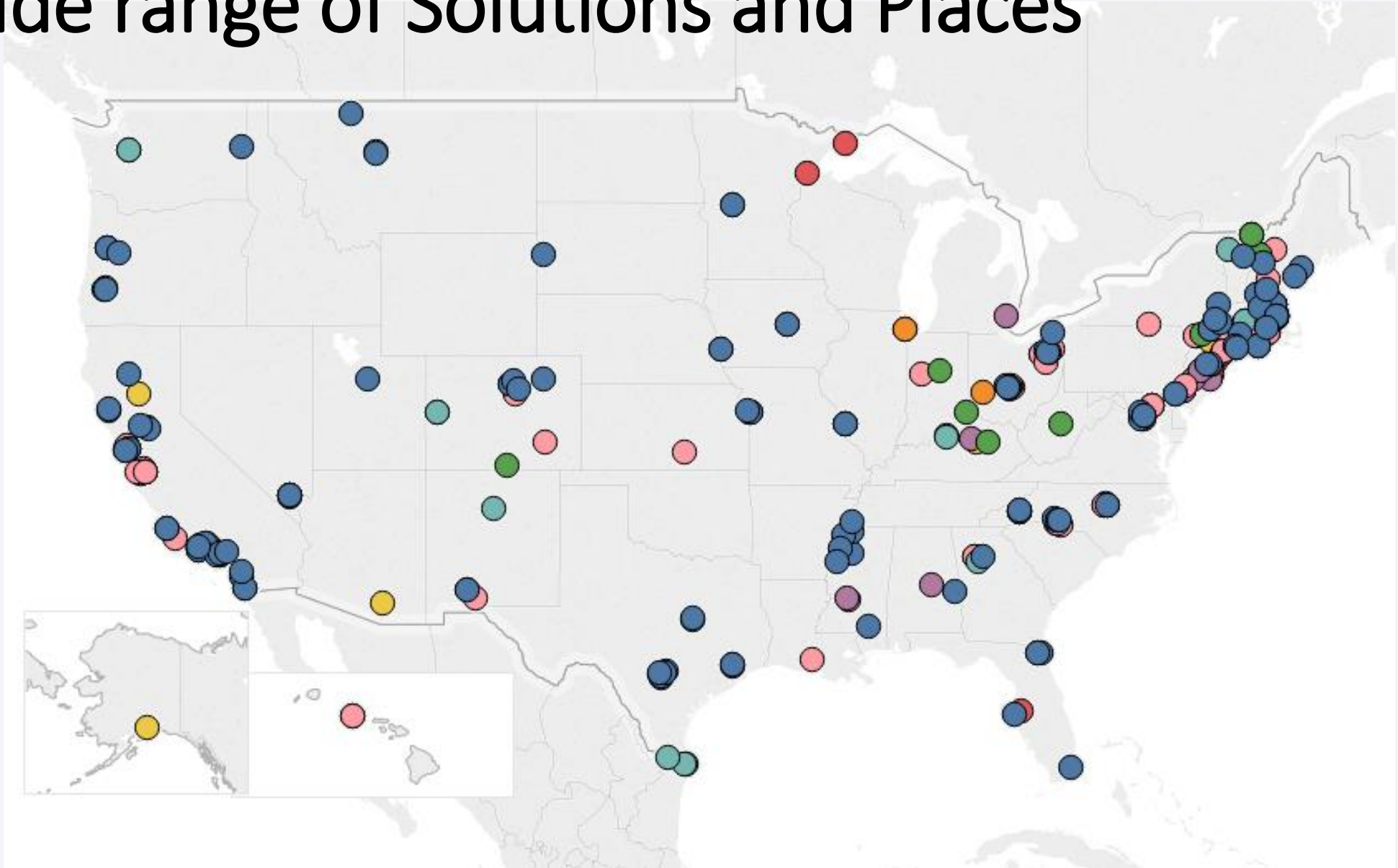
Financial solutions throughout development process

360 loans in 43 states and DC

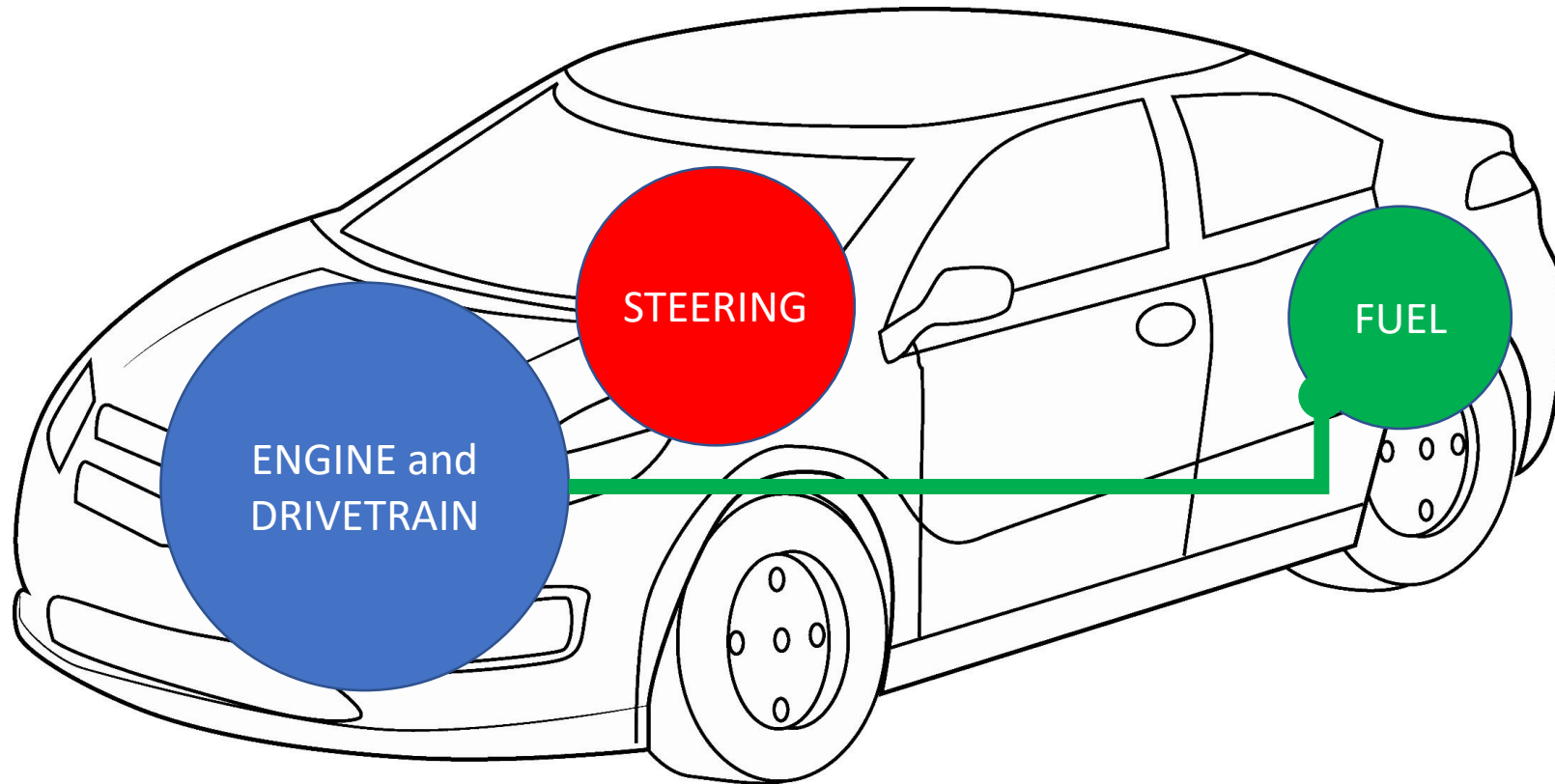
~ \$315M, leverage \$4.25B

18,000 homes, 15% for-sale

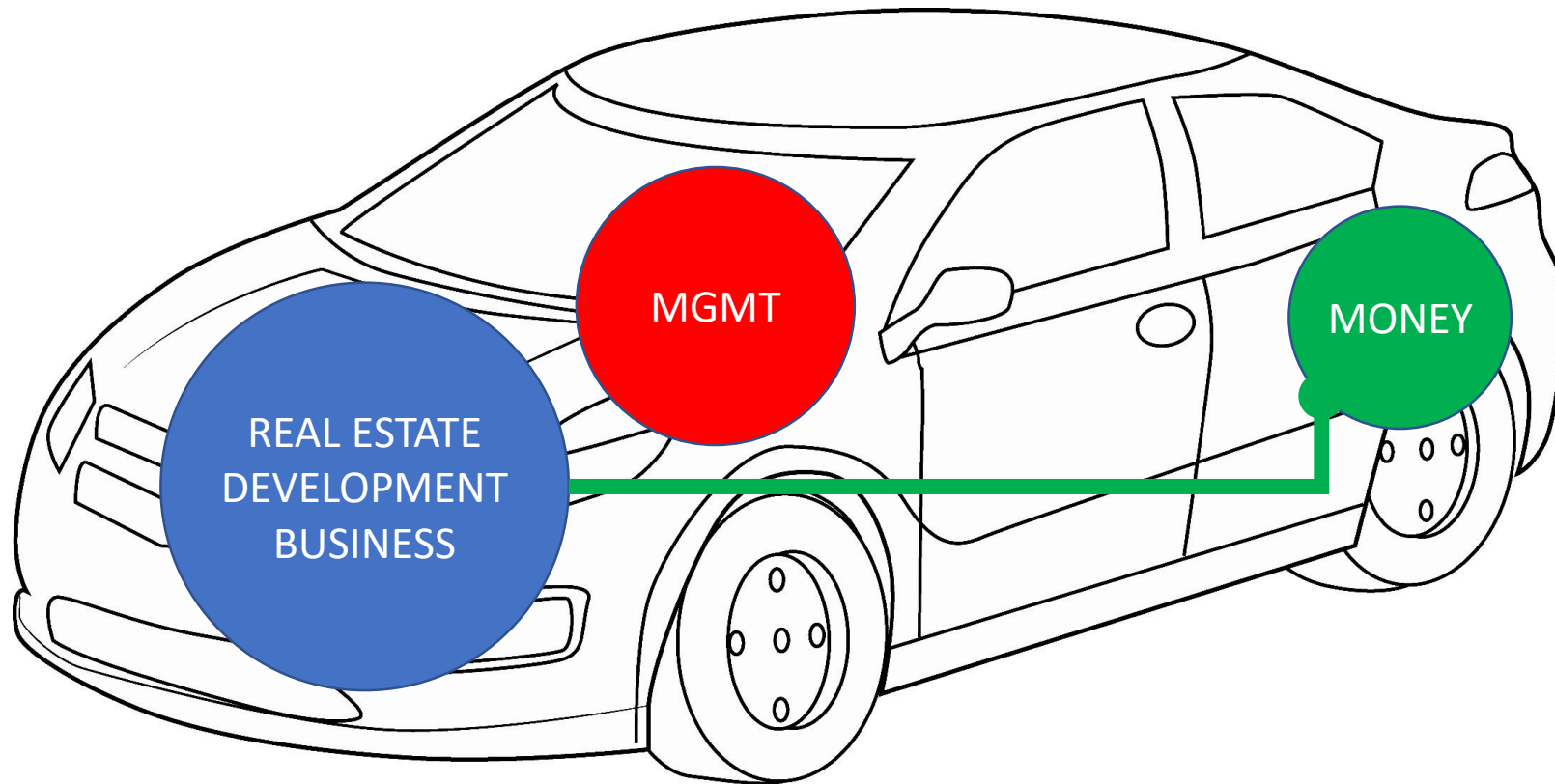
Wide range of Solutions and Places



What kind of car are you?



It's a metaphor!



Financing Solutions



Acquisition



Construction



Predevelopment



Multifamily Line
of Credit



Enterprise Growth
Capital



Single-family
Line of Credit



Permanent



Bridge



GP/LP Interests Purchase

Enterprise Growth Capital

It is

Investment in growing a business

A term loan with **maximum flexibility**

On your balance sheet and ready to use NOW

An expression of great trust between Borrower and Lender

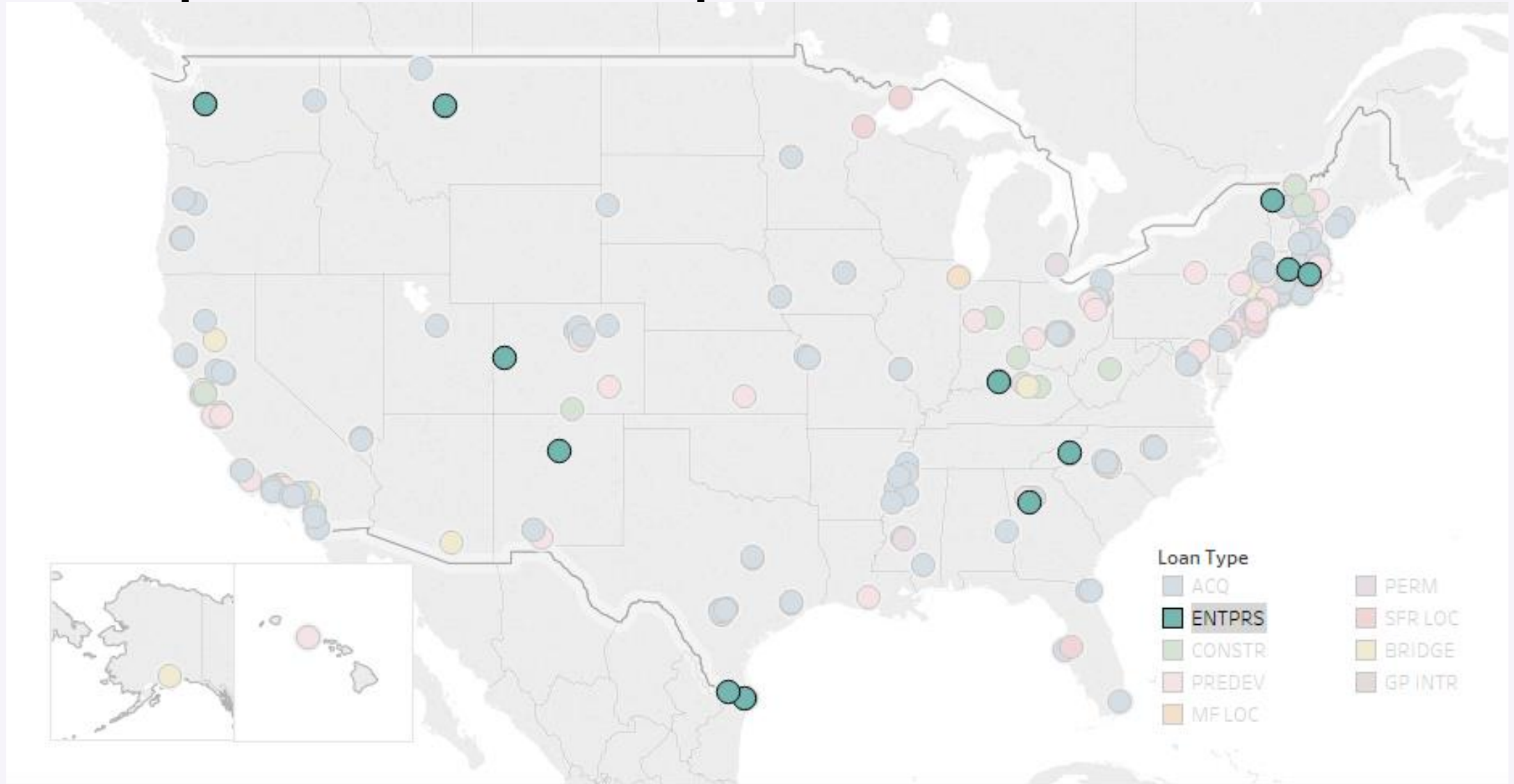
It is not

A stand-by line for emergencies

Tied to specific projects and repayment sources

Money you have immediate access to – you have to ASK

Enterprise Growth Capital loans



Strategic Growth Fund



Partnership of NC, NWA, Kresge

\$7.5M Fund for innovation & business growth

Kresge PRI allowed 3% interest rate, unsecured

30+ NWO's applied

7 loans made totaling \$8.1M

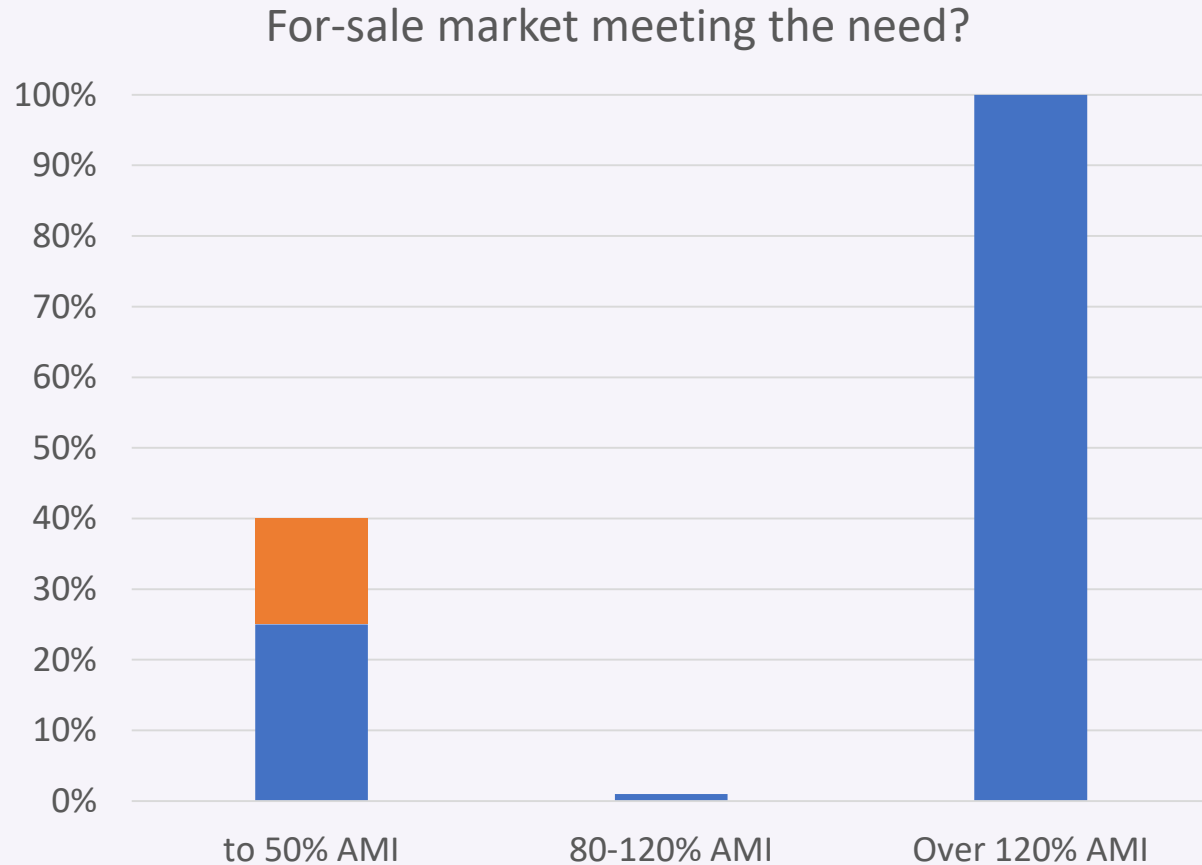
last loan closed Sept 2018

Deep underwriting of organization and
business plan

Affordable Homes of South Texas, Inc. (AHSTI)



The Challenge



AHSTI found that buyers in 80-120% range were not being served (no subsidy, market priced too high)

Saw significant demand potential through experience as builder, lender, and HOC provider

Needed capital to jumpstart building “semi-custom” homes for the unserved middle

Start-up positioning

Understood the market

40 years as builder

Established brand with Framework Homes

Developed multiple scenario projections

Strong cash position, able to deal with downturns

Has clients already lined up, need low penetration

NC's Financial Solution

\$1,500,000 unsecured term loan

3% interest rate (subsidized by Kresge PRI)

7-year term, structured principal repayments

1.10x debt coverage (interest and principal)

Principal paydown increases as activity increases

AHSTI profit-margin increases over time

SIGNIFICANT FREEDOM OF USE

**Principal payments
(paid quarterly)**

DCR

Year 1	\$75,000	1.2
Year 2	\$150,000	1.0
Year 3	\$225,000	1.4
Year 4	\$300,000	1.5
Year 5	\$200,000	2.6
Year 6	\$275,000	2.3
Year 7	\$275,000	2.5

How AHSTI has used the funds

Purchase land for 2 subdivisions

34 lots in McAllen

18 lots in Rio Grande City (geographic expansion)

Sold 15 new homes in first year (2017)

Built 12 more homes in 2018, selling pace on track, prices higher than low projected scenario

Leverage for bank construction loan for lot development and construction costs

Have made 1st 2 principal paydowns!

What does it cost

High degree of monitoring (foundations require a lot, you know)

- Quarterly reports of how funds were used

- Financial statements, real estate portfolio, development and sales pipelines

Interest payments on undeployed capital

New homeowners in Rio Grande City!



Please contact us!

Western Region – Tamar Sarkisian

New England, Southeast, Midwest – Steve Peelor

Mid-Atlantic, Midwest – Emily Dorfman

