

Our History and Rural Lending Beginnings

NeighborWorks Capital (NC) is a national nonprofit community development loan fund based in Silver Spring, Maryland serving NeighborWorks America's member organizations (NWOs) in all 50 states and the District of Columbia. NC is a certified CDFI and is governed by a nine-member Board of Directors, a majority of whom are Executive Directors of NWOs, along with others who have senior level expertise in community development, lending and non-profit operations.

In 1994, RNA Community Builders was formed as a loan fund serving rural NWOs, and was followed in 2000 with the formation of Neighborhood Capital Corporation, serving NWOs building multifamily projects. In 2007 the boards of each loan fund agreed to consolidate to better serve the real estate development finance needs of the entire NeighborWorks network. With a capital investment commitment by NeighborWorks America the two loan funds combined their expertise, assets and customers to provide a broader array of products to the entire network. The organization was rebranded NEIGHBORWORKS CAPITAL to reflect this broadened role and strategic partnership with NeighborWorks America.



THE RURAL ALLIANCE
RNA COMMUNITY BUILDERS INC.



Our Focus

NC aligns with two of NeighborWorks America's five strategic goals; production and preservation of affordable housing, and provision and access to capital. Based on those goals NC has developed core and expanded loan products - from Predevelopment through Permanent.

Lending

NeighborWorks Capital makes loans that provide NWOs with flexible and affordable capital to support the development or operation of four types of projects:

- **Affordable rental housing projects**, including new construction, acquisition, rehabilitation, and preservation, including recapitalization of projects owned by NWOs;
- **Affordable homeownership projects**, including new construction, acquisition, or rehabilitation;
- **Mixed use projects**, involving affordable rental or for-sale housing and commercial uses;
- **Commercial properties**, including retail, office and community facilities.

NC makes the following types of loans to NWOs and NWO CDFI's:

- **Predevelopment** for feasibility, design, survey, environmental, zoning and application fees
- **Interim development** for acquisition, bridge and construction; and project-based lines of credit and property improvements
- **Permanent** for:
 - Acquisition, refinance and improvement of operating rental properties
 - Purchase and installation of renewable energy systems
 - Acquisition of the general partner interest in LIHTC properties

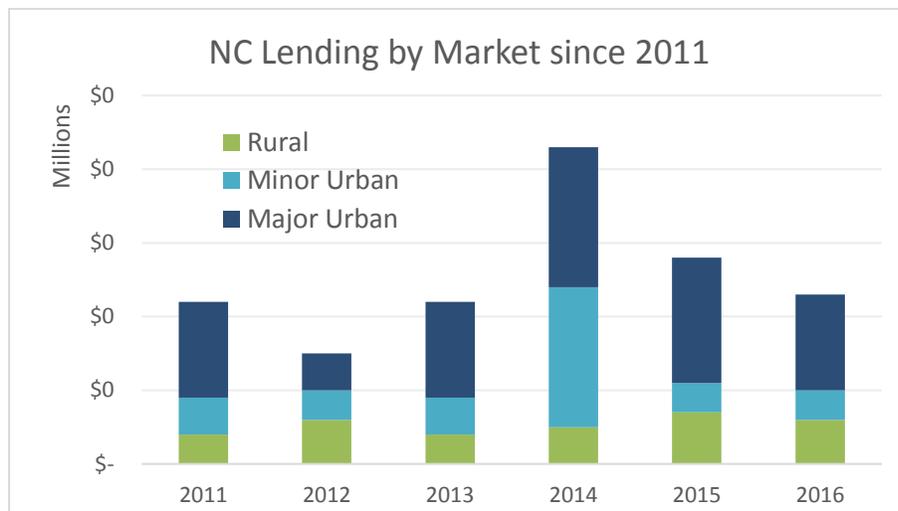
Additional information on the products and terms are on our website. NC's Lending Team underwrites loans and presents them to a seven-member Loan Committee, two of whom represent rural NWOs.

Our Impact

Rural borrowers rely on predevelopment loans to start new projects as well as acquisition loans to acquire land or buildings for affordable for-sale (subdivision and self-help) and rental housing (including mutual, cooperative, family, senior and supportive) and commercial projects such as Home Ownership Centers, NWO offices, and community facilities.

With more than \$180 million in loans financed NeighborWorks Capital remains strongly committed to serving rural communities with flexible and affordable loan products. Lending in rural communities is a priority focus in its business plan. Since 2011 21% of NC's loans have been to rural borrowers.

NC's experience is that the average unit size of rural housing projects is 40% smaller than urban projects. Almost half of all housing units that NC has financed over the past 20 years were affordable housing projects in minor urban and rural communities across the country.



Our Rural CDFI Lending Partners

NeighborWorks Capital has had the pleasure of working with the following loan funds who share our community development mission, expertise and commitment to rural America. Together we bring additional capital to rural projects, streamline the underwriting and closing process, and reduce transaction costs. These partners include:



Featured Rural Projects

Senior Living at Notre Dame - Affordable Housing, Education & Development Berlin, NH

With a \$325,000 predevelopment loan provided by NC, Affordable Housing, Education & Development (AHEAD) can move forward with Senior Living at Notre Dame located in Berlin, NH. The project **provides 33 one-bedroom units** affordable to households at or below 60% of AMI, catalyzing this neighborhood's revitalization. AHEAD stepped in to finish this project when the prior sponsor was unable to move forward. This was NC's first loan with AHEAD.



Willow Park Apartments – Willow Park Group LP Clarksdale, MS

NC participated with HOPE Enterprise Corporation LP \$2,500,000 to provide acquisition financing for **the revitalization of Willow Park Apartments**, an 80-unit multifamily housing complex for low income in Clarksdale, MS. This loan helped HOPE to expand their relationship with Triangle Development one of the the most active affordable housing developers the Delta.

Buttermilk Falls Townhomes – Rural Ulster Preservation Corporation Ellenville, NY

RUPCO used a Mini-Perm Acquisition loan **to refinance a construction loan** that had matured to give RUPCO time to develop a lease/ purchase program for 15 newly constructed townhomes that came on line precisely when home mortgage credit and housing markets collapsed. These homes are ENERGY STAR® homes, built for superior energy performance, health and safety and are being sold to income qualified individuals at 80% and 100% of AMI.



Kentucky Tax Credit Equity Fund – FAHE Berea, KY

NC is participating in a \$14,000,000 loan from FAHE to Housing Equity Fund of Kentucky III (HEFK-III), a partnership between FAHE Capital and Virginia Community Development Corporation. HEFK-III is a Low Income Housing Tax Credit equity fund which **is investing in three (3) affordable rental housing projects** in Kentucky which have received allocations of 9% Tax Credits. HEFK-III will disburse funds to the three projects during their construction, cost certification and close-out. (photo - Main Cross Apartments)

Melonaire Apartments - Tri-County Housing and Community Development Corp. Rocky Ford, CO

With a \$100,000 predevelopment loan, Tri-County Housing and Community Development Corporation will **renovate the Melonaire Apartments** in Rocky Ford, Colorado, transforming two vacant buildings into 18 one-, two- & three-bedroom affordable rental units.



Featured Rural Projects



Tallcorn Towers Apartments – CommonBond Communities Marshalltown, IA

NC provided both predevelopment and bridge loans **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.

Teche Ridge – Southern Mutual Help Association New Iberia, LA

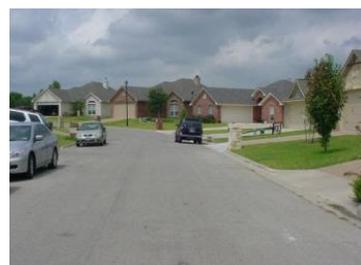
NC committed to Southern Mutual Help Association (SMHA) a \$1,700,000 interim development loan **for site development and engineering to facilitate this multi-phase single family development to be constructed in accordance with Traditional Neighborhood Design (TND) principles.** With an additional \$1,700,000 in financing from Rural LISC, NC's support enables SMHA to proceed with the first 131 home sites, generating substantial impact in rural Louisiana.



Lakewood & McKay Apartments – Southwest Minnesota Housing Partnership Alexandria, MN

The Lakewood Apartments, a 72-unit multi-family property, and the McKay Apartments, a 30-unit multi-family property are both located in Alexandria, MN were acquired with mini-

permanent loans from NC. After these properties, which provide market affordable housing, were acquired they were stabilized and SWMNH is making progress towards a securing financing for a major recapitalization.



Pearls/Pride! – NeighborWorks Waco Waco, TX

Mini-Perm Acquisition loan proceeds were used to **refinance short-term acquisition loans from banks** for 20 of the 58 existing scattered site rental properties known as PEARLS/PRIDE! NC's loan provided NW Waco liquidity to respond quickly when opportunities presented themselves to acquire additional foreclosed homes for their lease purchase program.

Glacier Ridge Apartments – NeighborWorks Montana Cut Bank, MT

NC is participating with NeighborWorks Montana in a \$700,000 loan for **the acquisition of the Glacier Ridge Apartments** project by the GMD/Homeword Partnership. NC's purchase of a \$560,000 participation in this loan will provide NWMT with liquidity necessary to expand their lending impact in their targeted communities. Glacier Ridge Apartments includes a total of 36 units of rental housing, all of which are subject to a Section 8 Housing Assistance Payment (HAP) contract.

