

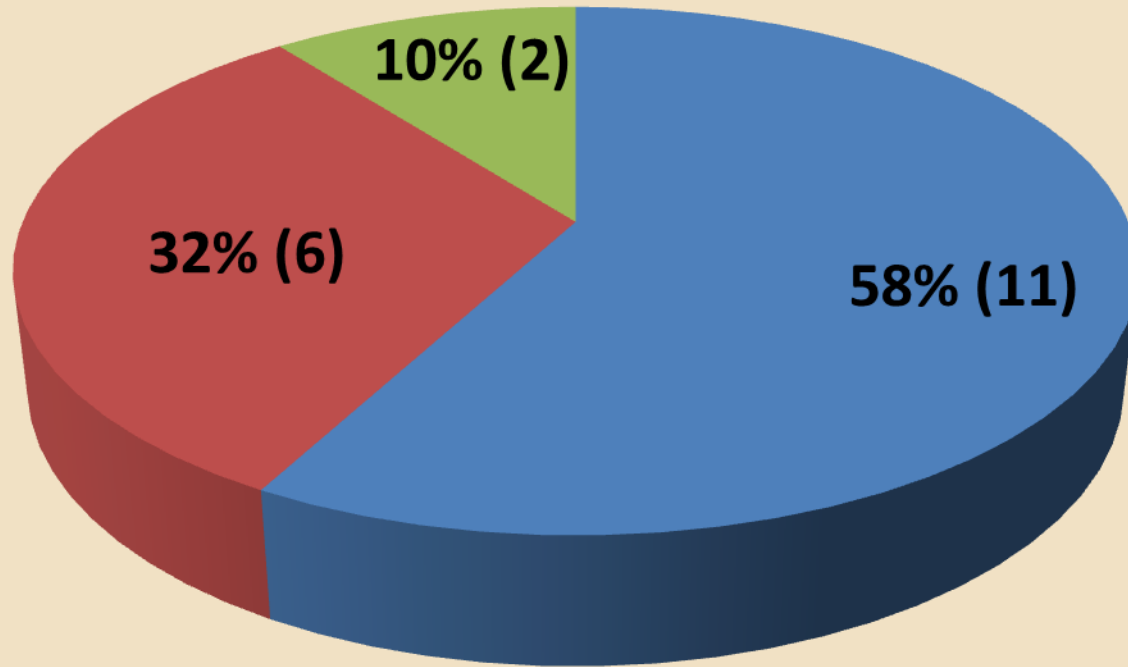


Idaho Housing and Finance Association

Discussion on Sustainability Idaho Collateral Support Program May 25, 2017



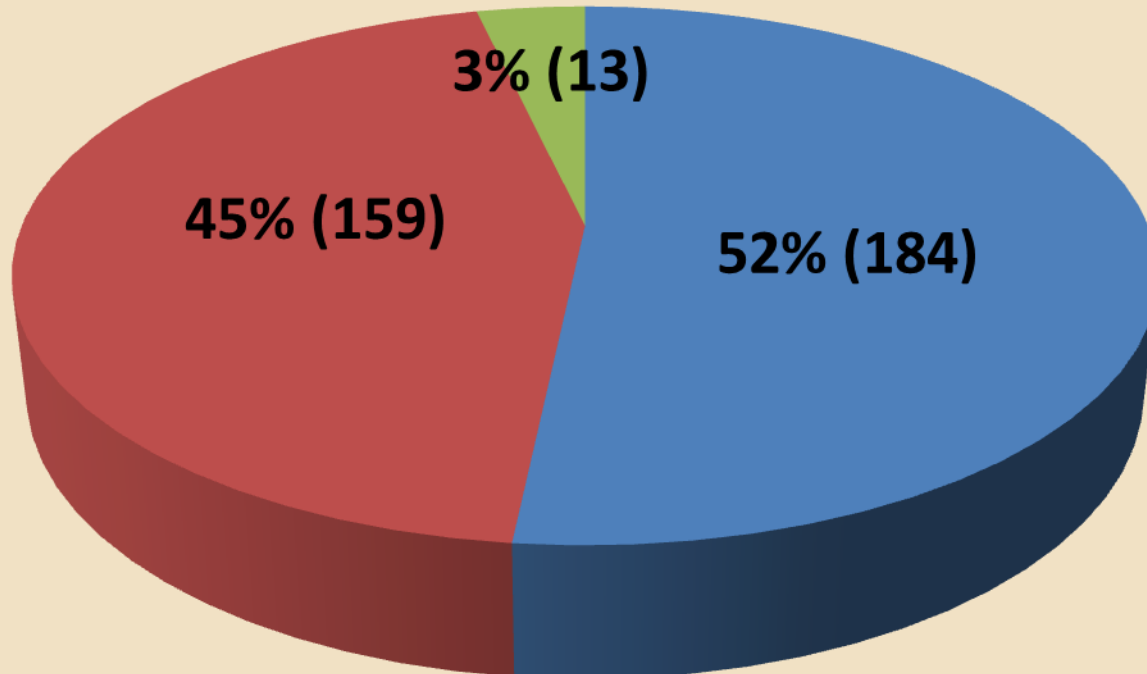
Participating Lenders



■ Community Banks ■ Regional Banks ■ Credit Unions



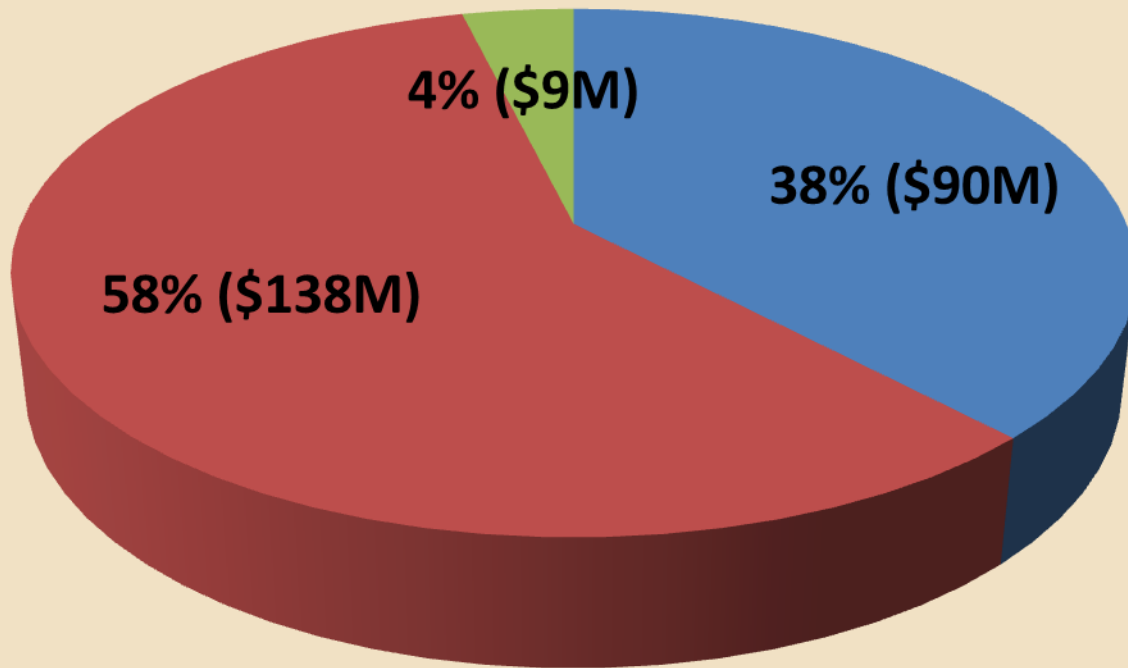
Number of Loans (by lender type)



■ Community Banks ■ Regional Banks ■ Credit Unions



Loan Volumes (by lender type)



■ Community Banks ■ Regional Banks ■ Credit Unions



Journey to Sustainability

- Obtained feedback from participating lenders before program changes implemented
- Incenting higher use on short term loans
 - Pricing practices and amount of CSP
- Claw-back practices/Agency borrowings
- Leveraging CSP (50% Deposit)
- Managing risk – It is OK to say No



Journey to Sustainability

Loan Term	Original Program Terms	Collateral Deposit Fee	August 2015
≤ 1 Year	Lesser of 20% of loan or \$1,000,000	0.5% of support provided	50% of CSP deposited at loan closing, remaining 50% deposited within 45 days of being notified of a potential risk of loss against the Lender's loan.
> 1 Year, ≤ 5 Years	Lesser of 20% of loan or \$500,000	1.0% of support provided	
> 5 Years	Lesser of 15% of loan or \$250,000	1.5% of support provided	



Journey to Sustainability

- May 2013 – Ability to attract non federal funding sources into the program
- August 2015 – Implemented leveraged funding on the CSP accounts
- Constant communication with partnering Lenders regarding CSP



Contact Information

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Collateral Support Sustainability

Collateral Support Sustainability

- Fees
- Loan Structuring
- Withdrawals
- Economic Impact

Fees

- MI charges fees both at closing and annually
 - Closing fee to minimize requested amount
 - Annual fee to prompt discussion between lender and borrower on whether collateral remains necessary
- Fees are charged to the lender and could prompt a return of collateral if not paid.

Loan Structuring

- Discuss with the lender the anticipated amount of time that the collateral will be needed.
- Lender financial covenants prompt re-investment in the balance sheet of the borrower
 - Fixed charge or debt service
 - Minimum tangible net worth
 - Limits on owner compensation
 - Borrower base formula for working capital lines (excluding SSBCI funding)

Withdrawals

- No time limit for return of collateral
- Withdrawals are made based on amortization of term debt
 - Quarterly inquiries for balance of loan and balance of collateral deposit account
 - Difference between principal loan balance and SSBCI collateral balance is returned.
 - Threshold set at \$10,000 for balance returns as to not create additional administrative burden for MEDC and lenders.

Economic Impact

- Limit support to industries which generate the most significant economic impact.
- Eligible industries for MEDC Collateral Support:
 - Manufacturing
 - Wholesale & trade
 - Research & development
 - High technology
 - Mining
 - Office operations
 - Film & digital media productions

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