

UTAH COMMUNITY REINVESTMENT CORPORATION (UCRC)

Commercial Loan Pool

STATUS OF UCRC HOUSING POOL

- ⦿ Revolving credit line limit has increased from \$40MM to \$86.3MM
- ⦿ Loans funded = \$57.2MM
- ⦿ Outstanding commitments = \$5.9MM
- ⦿ Funds repaid to members = \$18.5MM
- ⦿ Available credit = \$41.7MM
- ⦿ Applications & letters of interest = \$22.2MM

STATUS OF UCRC HOUSING POOL

- \$3.9 of the \$5.9 in outstanding commitments (66%) serves out-of-state projects.
- \$11.4MM of the \$22.2MM of prospective business (51%) serves out-of-state projects.

RECENT CHALLENGES TO PRODUCTION:

- ⦿ High tax credit purchase rates increased equity and decreased need for term debt
- ⦿ Increased construction costs and limited tax credits have reduced the number/size of projects
- ⦿ State and local public fund policies created public lender of first resort leaving little room for private debt

This situation may change as credit purchase rates drop and non-credit related housing demands on state funds increase.

STATUS OF UCRC HOUSING POOL

- Pool is underwritten as a housing related credit facility
- Focused on long term fixed rate debt required by the affordable housing market
- Product expansion will continue to focus on term debt
- Minority portions to be committed to pilot projects including:
 - home ownership for public servants
 - group homes for special needs, etc.

CREATION OF UCRC COMMERCIAL /COMMUNITY FACILITY POOL

Why a new pool?

- Provide new CRA-qualified lending opportunities
- Permit UCRC and members to move further along the risk gradient
- Diversify UCRC business activity to allow continued focus on Utah communities even as housing sector credit needs are met

POOL STRUCTURE:

Commercial Pool

Housing Pool

Participation:	voluntary	mandatory
Credit Committee:	by participants	by UCRC board (w/constraints)
Product approval:	by participants	by UCRC board
Commitment term:	2 years	2 years
Minimum commitment:	set amount TBD	asset -based relative to other members
Voluntary commitment:	permitted	permitted
Pool size:	\$20 - \$40 MM	currently \$86 MM

FACILITY TYPE:

Commercial Facilities: *focused on qualified census tract*

- ⦿ RDA designated revitalization projects
- ⦿ Medical offices associated with community clinics and hospitals
- ⦿ Co-op stores
- ⦿ Neighborhood shops / restaurants
- ⦿ Mixed use with residential

FACILITY TYPE:

Community Facilities: *focused on location and clientele*

- ⦿ Health clinics
- ⦿ Nursing care
- ⦿ Municipal buildings - fire, police, public works
- ⦿ Child care
- ⦿ Charter schools

PRODUCT TYPE:

- New Market Tax Credit leveraged transactions - 7-year interest only loans to CDE with indirect security and forbearance - *permits leveraging to cause substantial equity from NMTC*
- USDA-RD Community Facility loans - amortizing long term fixed rate with intent to sell to 2nd market
- Mini-perm bridge loans
- Pledge bridge loans
- Mezzanine loans (up to 85% LTV)
- Term debt fixed or adjustable rate

LOAN DISPOSITION:

- Term debt exceeding 7 years to be sold to secondary market - Community Reinvestment Fund, etc.
- Loans of less than 7 years to be held in portfolio

SCHEDULE OF TASKS:

- Review and revise organizational structure to accommodate 2nd pool: *May - June '08 (UCRC & UBS staff)*
- Draft preliminary Intercreditor agreement: *May - June '08 (working group of interested members & UCRC staff)*
- Develop initial products: *June - July '08 (working group of interested members & UCRC staff)*
- Solicit initial participants: *July - August '08*
- Select Loan Committee and commence operation: *September '08*