Presentation Agenda:

- About Southeast Community Capital (SCC)
- Target Market & Demographics
- Tennessee Rural Opportunity Fund
  - Partnerships
  - Economic Development Strategies
  - Program Impacts
- Conclusions & Questions
Southeast Community Capital provides loans to businesses lacking access to traditional financing.

**Founded:** 1999

**Strong Partnerships:**
- ‘Endorsed Product’ of the Tennessee Bankers Association; and

**Lasting Community Impacts:** (As of 12/31/2009)
- 461 Loans to 345 Tennessee Companies totaling $37.25MM
- Created 1,500 and Retained 2,600 Jobs in Tennessee
SCC offers four primary loan products:

• **Term Loans** up to $250,000;
  • (Working Capital, Growth Capital, Equipment Purchase)
• **Lines of Credit** up to $250,000;
• **Purchase Order Financing** up to $250,000; and
• **Real Estate Secured Term Loans** up to $500,000

SCC terms are as follows:

• **Loan Period**: From 6 months to 10 years
• **Interest Rates**: From Prime + 2% to Prime + 4%
  • Currently 5.25%-7.25%, but will not exceed 10%
Southeast Community Capital: Target Markets

Target Market Business Characteristics:

- Located within low- and moderate-income areas;
  - Started in urban communities, but has expanded to rural communities as demand has grown
- Owned by a low- or moderate-income individual; or
- Hires low- and moderate-income individuals.

Other Targeted Populations:

- Female and minority-owned businesses.
Southeast Community Capital: Office Locations

SCC serves Tennessee from four office locations:

- Nashville
- Knoxville
- Jackson
- Tri-Cities
Tennessee Unemployment Rates: December 2007

Tennessee Unemployment Rate: 5.0%
United States Unemployment Rate: 5.0%
Tennessee Unemployment Rates: December 2008

Tennessee Unemployment Rate: 7.6%
United States Unemployment Rate: 7.4%
Tennessee Unemployment Rates: December 2009

Tennessee Unemployment Rate: **10.9%**

United States Unemployment Rate: **10.0%**
Just 2 of the 24 Tennessee Counties with high poverty rates are in Major Metropolitan Areas.

Rural counties experience higher poverty, unemployment, and often lack access to affordable business capital.
Southeast Community Capital Operates as a “SOLUTIONS MODEL”

• **IDENTIFY PROBLEMS** with other stakeholders, typically government agencies and officials;

• **BUILD PARTNERSHIP NETWORKS** to understand problems at the local level; and

• **CREATE PRODUCTS THAT FILL MARKET GAPS** and appropriately meet the needs of the Target Market
Tennessee Rural Opportunity Fund:

Partnered with the State of Tennessee

- Created 10% F&E Tax Credit to build permanent, self-sustaining loan capital
- Governor’s Rural Opportunity Initiative provided $1.25 million commitment for launch and operation over 5 years
- Loan Loss Reserve (up to $2 million) from TN Treasury Department SMOB Program

Partnered with the Tennessee Bankers Association

- Gained TBA “Endorsed Product” Status
- Raised $10 Million from Member Banks: 23 Community Bank Investors, including 12 First-Time CDFI Investors
SCC has combined a number of “firsts” to successfully develop and launch the TN ROF:

- **Partnerships**
- **Endorsements**
- **Capital Raise Strategy:**
  - Focus on Community Banks
  - Develop a targeted tax credit incentive for investing banks
- **Target Market:**
  - State-wide
  - Rural small business
Tennessee Rural Opportunity Fund: A $10 Million Revolving Loan Fund Dedicated to Tennessee’s Rural Communities:

• IMPACTS: (As of 12/31/2009)
  • 62 Loans to 44 Businesses
  • $9 Million + in Loan Originations
  • 197 Jobs Created
  • 382 Jobs Retained
  • 67% of loans to Women or Minority-Owned businesses
  • Overall loan loss of less than 2%
Projected Impacts:

• By 2018:
  • 350 Small Businesses Financed
  • $20 Million + in Loan Originations
  • 800+ Jobs Created
  • Loan Capital Permanently Granted to Southeast Community Capital upon expiration of 10-year tax credit.
Questions:

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