

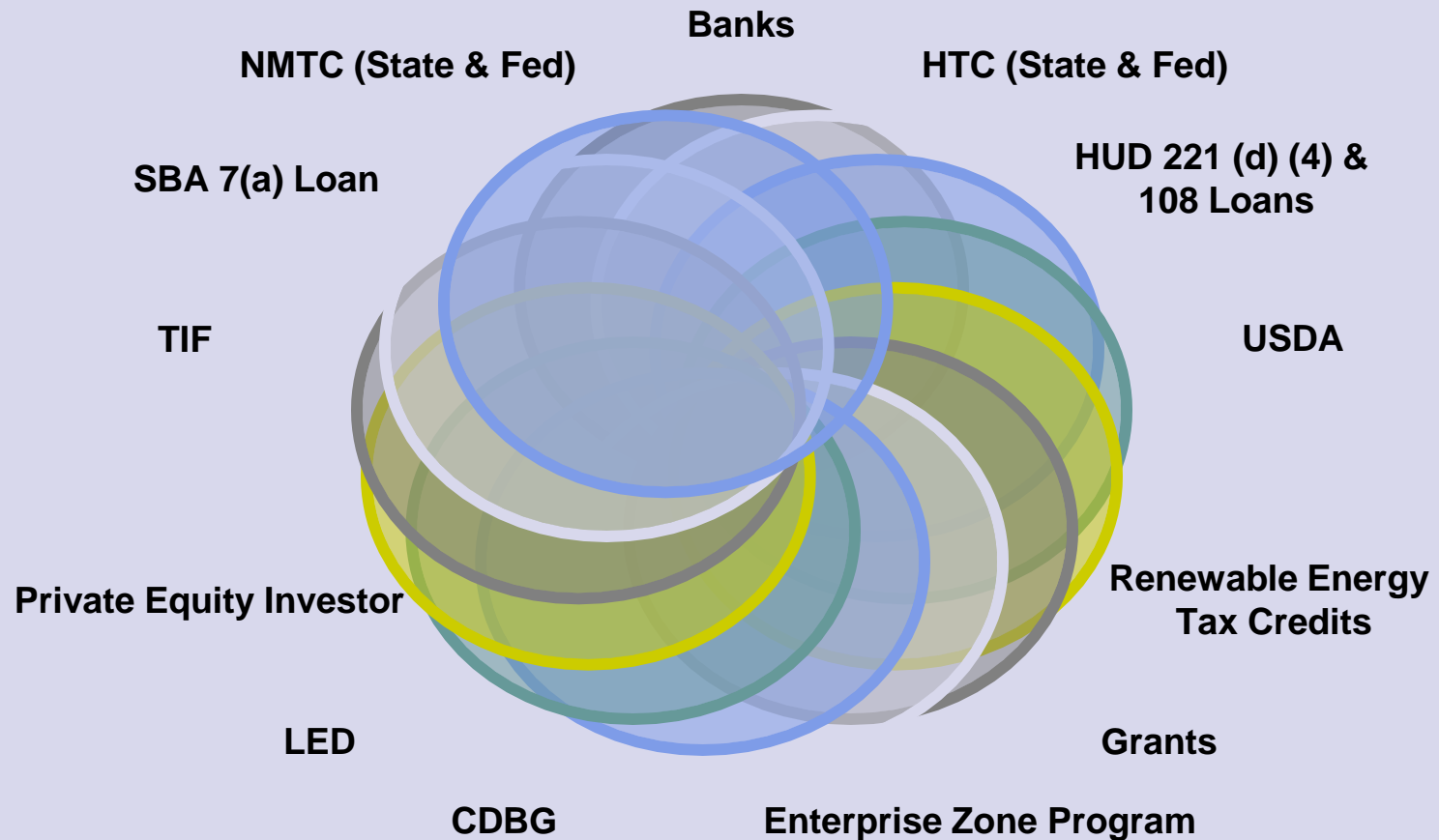
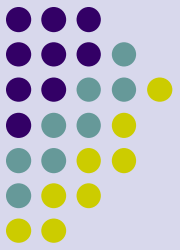
Capitalizing on Financial Opportunities

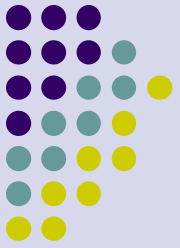
It's as easy as ABC!
ABCDEFGHIJKLMNOPQRSTUVWXYZ

John D. Schneider, Lorridor LLC
Consultant

CPEX Summit
August 20, 2010

Financing Opportunities & Incentives

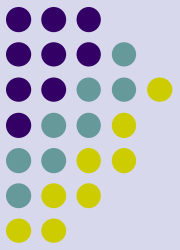




J K P C D I G B Q V A M F S U R L E H Z W O T N X Y

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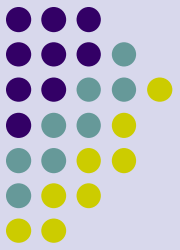
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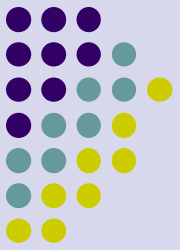
JARGON

LED, DOR, SHPO, HTC, QRE,
CDFI, NMTC, QEI, QALICB, QLICI,
HUD, PUT, CALL, et al.

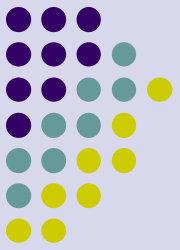
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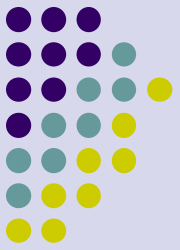
“Know the risks. Acknowledge
the risks.”



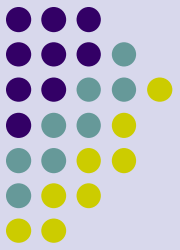
QUALIFIED PROJECT – Does the project (and the property) meet the criteria of potential lenders and tax credit buyers? Can financing be secured for the project? *These are decisions that best be determined PRIOR to acquiring the property.*



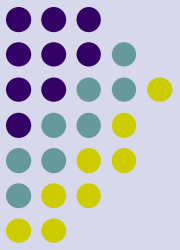
PLAN - Develop a written narrative, clearly describing Property, Project, Participants and other Pertinent details.



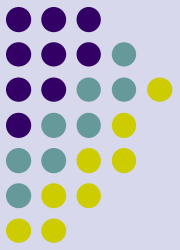
CONSULTANT – Associate with a *mentor* who has a successful, financing deal-making track record.



DEVELOPMENT TEAM – Retain a CPA, Architect, Business, Real Estate and Tax Attorney, Contractor and Insurance Representative familiar with the type of project being undertaken and willing and able to work as a *team*.

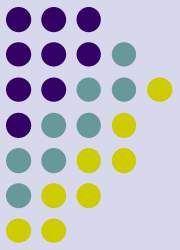


INVESTOR(S) – There are no 100% bank-financed deals! In today's financing environment, a 50/50 LTV ratio is typical; 70/30 LTV is a best case. Also, it will most always take more dollars than projected or desired. Allow for a healthy *contingency* amount.

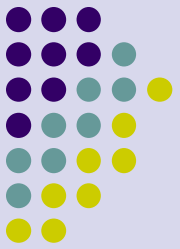


GUARANTORS – *Stroking the paper* is a necessity and financial strength is a requirement for the bank and the tax credit buyers; the latter to address *recapture risks*.

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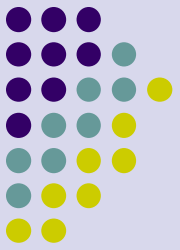


BANK – If you need to look beyond your current banking relationship, find a bank with a *Community Development* division; this is a great plus.



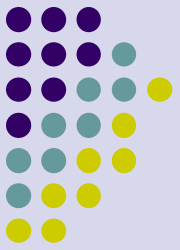
VIABILITY – The ability to successfully construct or renovate a building is critical; but the ability to put the project into *Economic Commerce* is imperative.

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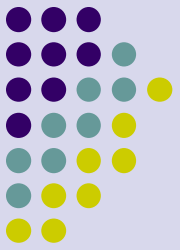
APPRAISAL – “As is” and “As completed” valuation by an independent, industry-recognized firm will be commissioned *by the lender(s)*.

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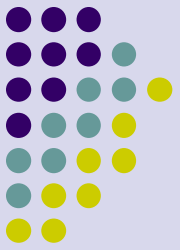
MARKET STUDY – The leasing and sale *comparables* in the project’s immediate area that meet the lender’s *underwriting requirements* need to be verified by an independent, industry-recognized firm.

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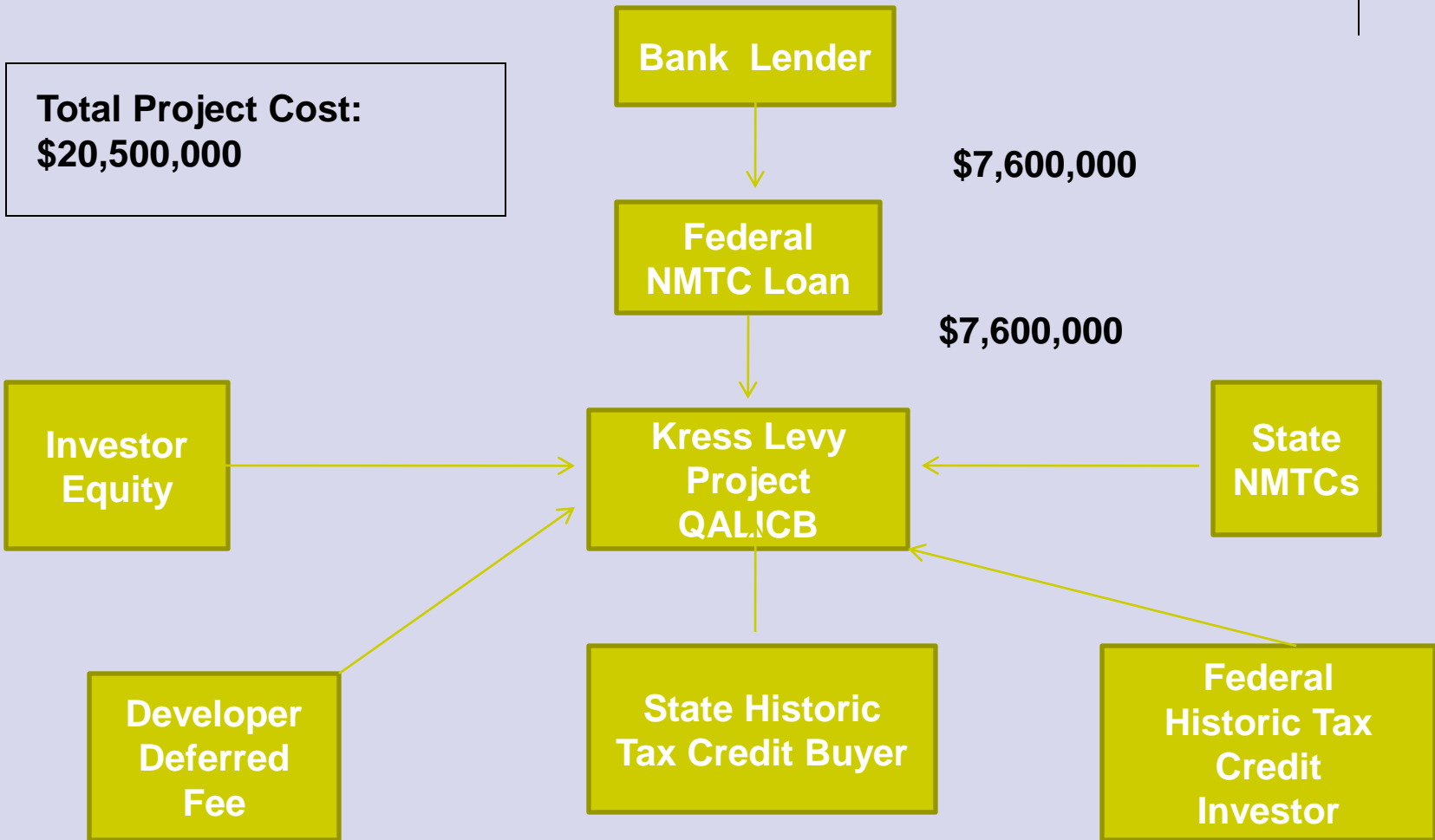
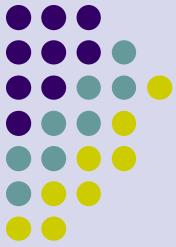
FINANCIAL PROFORMAS – *It's all in the numbers!* HTC and NMTC financing requires financial proformas by a CPA firm selected by the tax credit buyer/investor.

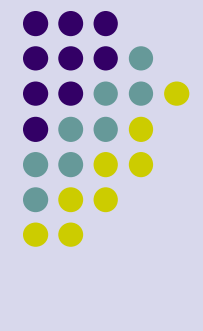
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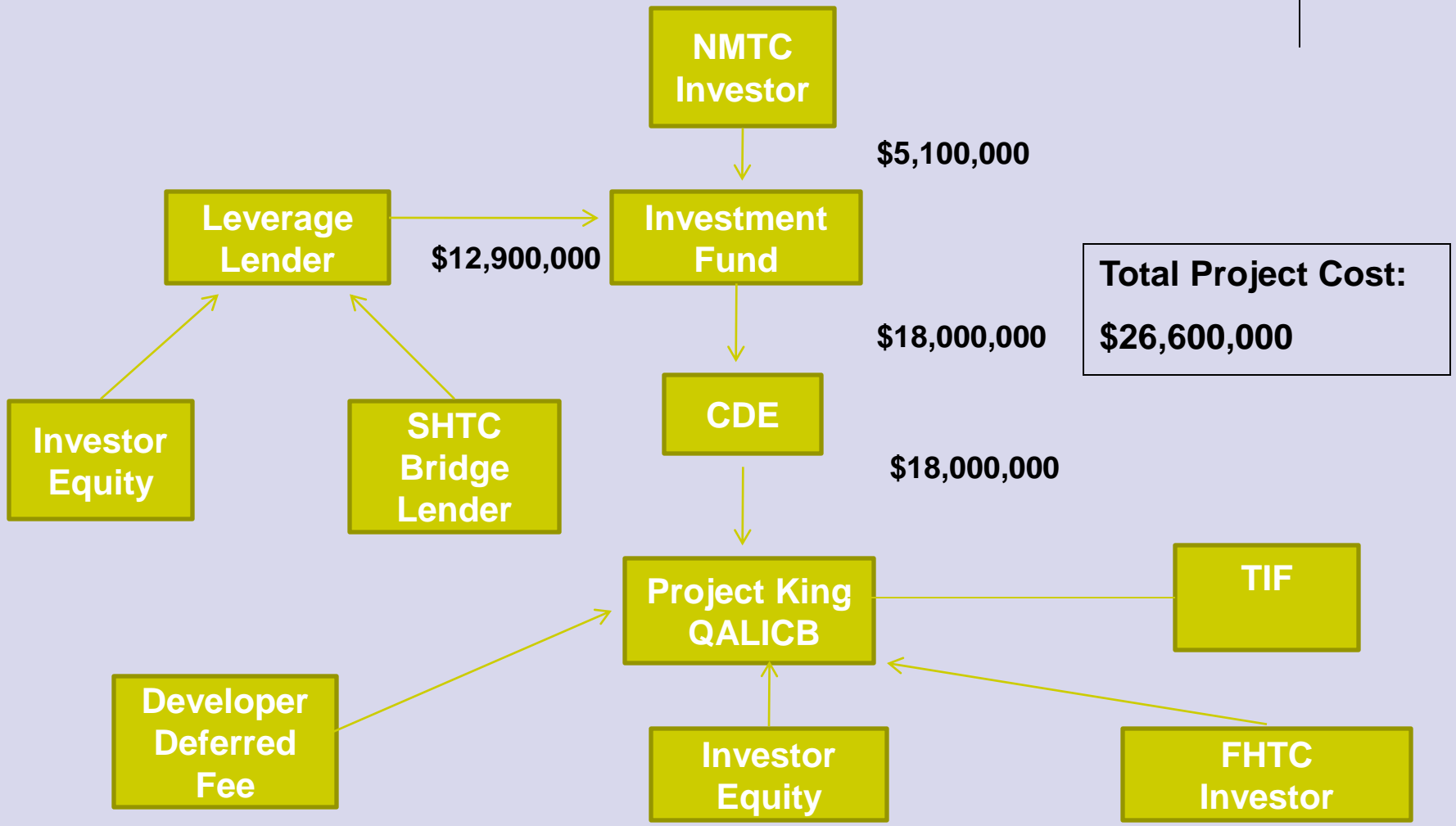
SOURCES OF FUNDS – Where are the monies coming from?

Kress Levy Project
Non-Leverage Investment Model
\$7,600,000
NMTC Allocation



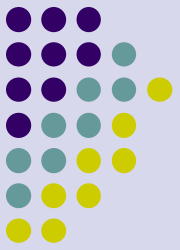


Project King
Leverage Investment Model
\$18,000,000
NMTC Allocation



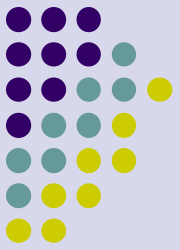
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USES OF FUNDS – Hard costs;
soft costs; financing costs; and, the
unexpected fees and reserves.

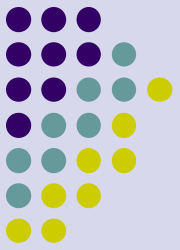
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RETURN ON INVESTMENT

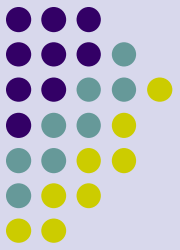
(ROI) – Important for the Project investors and the basis for calculating the sale price for Tax Credits.

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LEGAL FILINGS – Incorporations, articles, operating agreement, certificates of good standings, EIN and DOR tax numbers need to be filed and/or obtained.

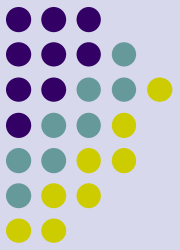
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ENVIRONMENTAL ASSESSMENT & SURVEY – A

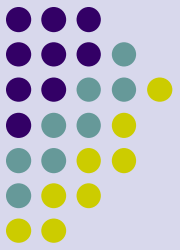
Phase One report addressing all environmental issues, e.g., asbestos, lead-painted et al., must be prepared along with a property survey.

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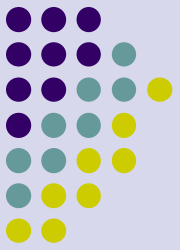
HISTORIC APPROVAL – Part I and Part II applications must be submitted to and approved by SHPO and U.S. Parks Service.

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ENTERPRISE ZONE

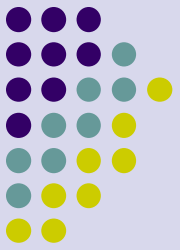
APPLICATION – The application must be submitted to LED *prior* to construction commencing to be eligible for Property Tax Abatement, Sales Tax Rebate and Quality Jobs tax credits.



WAIVERS OF LIABILITY –

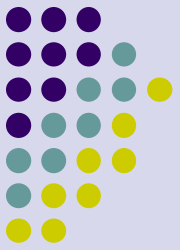
Comprehensive insurance coverage is required to insulate each and every party involved in the Project, e.g, builder's risk, general liability, excess liability, workers' comp, flood, equipment, HTC recapture et al.

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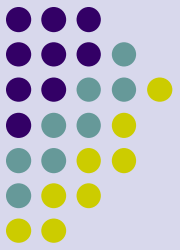


OPPORTUNITIES – Think creatively; pursue multiple financing opportunities; blend multiple funding sources; and recognize that “No” is only a two-letter word.

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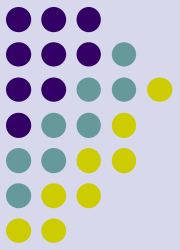


TERM SHEET – The first major step in funding a project.



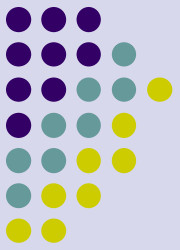
NEGOTIATIONS – Tax credit pricing, fees, interest rates, reserve requirements, contingency funding, required guarantors et al are negotiable.
“If you don’t ask, you will not receive!”

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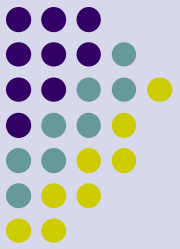
X-FACTOR – What makes your project stand out? The *unique selling proposition* (UPS) that identifies your project?

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Yesterday – *“But I needed the money yesterday!”* Time is one variable that is very hard to predict.

Contact Information



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