



NCIF NMTC Strategy

Network Banks – Winning Customers and Increasing Fees

The National Community Investment Fund (“NCIF”) has created its **3-Way Strategy** to generate long term, sustainable change in low-and moderate-income markets nationally. In this strategy, NCIF partners with the **NCIF Network** – which is a national network of CDFI and Minority Banks, Minority CDEs, other CDFIs, and major **Investors**. Together, we foster job creation, increase access to financial products and services, and enable an environment that creates greater opportunity for the underserved.

To date, NCIF has worked with eighteen (18) NCIF Network partners who have used NCIF allocations to book loans, increase fees and retain/win high quality customers. In continuation of this strategy, we are inviting NCIF Network partners (and other financial institutions that want to partner with NCIF Network) to leverage these allocations for creating impact. Key requirements for projects to be eligible in this program are:

1. Projects must be located in eligible (preference for “severely distressed”) census tracts;
2. Project sponsors must be current or future customers of NCIF Network partners;
3. Total project cost must be between 3-4 times the requested NCIF NMTC allocation;
4. Capital stack must contemplate market rate debt; NCIF and its Network partners must participate in a portion of this debt;
5. Projects must create measurable social (and environmental) impact in low- and moderate-income communities and must commit to reporting data to support this impact; and,
6. Must be willing to be recognized as NCIF Partners in internal and external communications.

Broad Terms of the Program Structure are given in Appendix A.

[NCIF Intake Form is available to download here.](#)

For more information, please contact NMTC@ncif.org



Appendix A

Product Strawman for Lenders at NCIF Network

Following is a brief description of an innovative program that enables NCIF Network partners to win and retain customers and increase fee revenues using NCIF NMTC allocations.

A. Highly flexible program to support wide range of customers

- 1. Includes:** Child Care Centers, Medical Offices, Health Centers, Franchisees, Manufacturing, companies, Restaurants, Retailers, Grocery stores, Mixed-use real estate etc.
- 2. Excludes:** Sale or licensing of intangibles, golf courses, golf clubs, massage parlors, hot tub facilities, suntan facilities, race tracks, off-sale liquor.
- 3. Location:** Must be located in NMTC Eligible census tracts, preferably in census tracts defined as “Severely Distressed” by the CDFI Fund.
- 4. Impact:** Must have a demonstrable impact in their communities and the sponsor must commit to reporting this impact.

B. Benefits for NCIF Network Partners

- 1. Customer acquisition and retention:** Using the NMTC subsidy, Network partner gets a competitive advantage to win and retain customers.
- 2. Increase in loans:** Network partner books new high impact loans in the community.
- 3. Increase in fees:** potential to earn up to 1% extra fees on loan booked.
- 4. Deposit accounts:** NCIF will encourage deposit accounts to be opened with Network partners.
- 5. Track Record:** Network partners build a track record and knowledge base that can be used to directly apply for allocations in the future rounds.

C. Benefits for Borrowers

- 1. Substantially lower cost of financing:** Typically 25-50% lower than market on a blended basis.
- 2. Potential for loan “forgiveness” via put/call options:** At the end of seven years, structure provides a 20% subsidy to the borrower.

D. Typical Terms of NMTC Loan

- 1. Loan Size:** Total financing needs between \$5-20 million. NCIF will do less than \$2 million small business transactions as well.
- 2. NCIF Allocation:** Typically \$5-6 million; for larger deals, customer must seek allocations from other CDEs.
- 3. Term:** 7 years or longer.
- 4. Type:** Typically commercial real estate transactions (which can be owner occupied or leased to third party tenants).
- 5. Interest rate:** Typically 25-50% below market rate.