



PREDEVELOPMENT LOAN

APPLICATION AND PROGRAM GUIDE

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COMMUNITY DEVELOPMENT FINANCE AUTHORITY

The Community Development Finance Authority (CDFA) is a statewide nonprofit public authority focused on maximizing the value and impact of community development, economic development and clean energy initiatives throughout New Hampshire. The organization leverages a variety of financial and technical resources, including the competitive deployment of grant, loan and equity programs.

CDFA'S VISION & MISSION

CDFA is maximizing the value and impact of community development, economic development and clean energy initiatives throughout New Hampshire.

CDFA sees a future New Hampshire whose communities are economically and socially resilient, reflect and respect their natural surroundings, and are places where people want to live, work and play

CDFA invests in the people of New Hampshire by:

- Deploying a well-tuned, effective investment system;
- Enabling its partners to make transformational and sustainable changes; and
- Taking an innovative and collaborative approach to development finance.

PROGRAM OVERVIEW AND OBJECTIVES

CDFA identified a need to help communities, businesses and nonprofit organizations to advance projects from concept initiation and planning to funding and implementation, focused on two areas:

1. More sophisticated technical assistance; and
2. More funding at the beginning phases of project development.

Those two needs, coupled with CDFA's interest in advancing its mission to invest in New Hampshire's people and communities, led to creation of the Predevelopment Loan Program.

The program offers loans for predevelopment activities, such as studying the feasibility of renovating a downtown building, gathering public input on a project idea, developing a business plan for a new facility, creating architectural drawings, or seeking planning and zoning approval. Loans of up to \$100,000 are available. Eligible projects must stand a reasonable chance of being financed and initiated within two years.

In its pilot phase, the Predevelopment Loan Program supported two projects. First, an \$85,000 loan supported documentation, design and draft programming for a downtown block that included a historic theatre. These pre-development activities set the stage for the eventual purchase and renovation of the buildings. Secondly, a loan of \$24,000 supported the historic assessment of a mill building that is central to the community's downtown economic revitalization plan. The assessment led to a capital campaign to renovate the mill.

In each case, a predevelopment loan enabled the project to move forward more quickly and solidify a case for large-scale financing to complete the project and repay the loan. The results are renovated buildings that anchor downtown rejuvenation, spur additional economic development and create new jobs in the heart of each community.

The Predevelopment Loan Program seeks to achieve the following objectives:

- Provide financial and technical resources for exploration and refinement of potential community and economic development projects that would not otherwise move forward;

- Develop a more mature community and economic development technical assistance and financing network;
- Help projects move to the final stage of approval and financing; and
- Use the results to promote the program and expand its reach and effectiveness.

ELIGIBILITY

Eligible applicants include community development corporations, other nonprofit organizations involved in community development, employee and other types of cooperatives, municipalities and businesses.

New Hampshire RSA 162-L:1, definitions for eligible applicants are as follows.

- **Community development corporation** means a nonprofit corporation, organized under the laws of the state to carry out certain public purposes and with bylaws providing that:
 - a) The corporation shall be organized to operate within specific geographic boundaries.
 - b) Membership in the corporation shall be open to all residents of the target area who are 18 years of age or older; membership may be open to persons outside the target area, but voting membership of persons not residing in the target area shall be limited to 10 percent of the total membership.
 - c) The corporation shall have a board of directors, a majority of whom reside in a target area or are members of a target population, 2/3 of whom are elected by the membership, with each member having an equal vote.
 - d) The corporation shall make a demonstrable effort to hire low income or underemployed residents of the operating area.
 - e) The corporation shall impose an annual individual membership fee of not less than \$1 nor more than \$10.
- **Other nonprofit organizations and municipal governments involved in community development** means a nonprofit organization organized under the laws of the state or municipal government to carry out purposes related to community development, improvement, revitalization, or other activities consistent with the purposes of this chapter.
- **Employee cooperative** means a corporation in which the power to elect at least 2/3 of the corporation's directors is held by the employees and in which such elections are held on a one person-one vote basis.
- **Other type of cooperative** means any corporation in which the power to elect the governing body is held by the members of the corporation and in which elections are held on a one person-one vote basis. This may include cooperatives such as housing cooperatives and consumer cooperatives.

CDFA will apply the following principles when considering applications from eligible nonprofit faith-based organizations:

- Project activities must be related to community development, improvement, revitalization or other activities consistent CDFA's mission.
- Recipients may not discriminate against a project beneficiary on the basis of religion or religious belief.
- Funds may not be used for explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization). Such activities may be offered outside of activities that are supported with CDFA resources.
- Participation in any explicitly religious activities must be voluntary.

GUIDELINES

Loan Amount

Eligible organizations may apply for \$10,000 to \$100,000 in loan funds.

Loan Term

Up to 24 months, based on anticipated closing of final construction/project financing, with ability to extend based on satisfactory progress and ability to close within a proposed extension period.

Interest

Loans will accrue simple interest at a rate of 6% during the term of the loan. Typically interest and principal is due and payable at the closing for the proposed project's final construction financing package.

Collateral/Guaranty

Loan collateral or a guaranty is not a required element of the predevelopment loan program. Depending on individual circumstances, CDFA may seek security for predevelopment loans if assets are available (through a mortgage, property lien, guaranty, etc.).

Permitted Uses of Funds

All reasonable third-party predevelopment costs including preliminary feasibility assessment, architectural and engineering studies, environmental assessment, energy audit, renewable energy consultation, historic and development consultants, schematic or other drawings, option payments or property acquisition, legal fees, pre-authorized staffing costs by the applicant organization, and any other costs approved by CDFA.

Up to 15% of the total loan amount (not to exceed \$15,000) may be spent on preliminary feasibility assessment, including early market scoping, market studies, cost estimates, community meetings, etc. Funds may not be used for prepayment of developer fees or for costs incurred before a loan is approved.

HOW TO APPLY

Pre-application consultation with CDFA staff is **required** before submitting a formal application. To discuss your project idea and possible loan needs, please contact CDFA at 603-226-2170, or email Director of Economic Development Kevin Peterson at kp@nhcdfa.org.

All applications must be completed and submitted on CDFA'S Grants Management System (www.nhcdfragrants.org). The application requires details on the proposed project, to what extent it aligns with program objectives, and information that will help determine the applicant's capacity to complete or coordinate predevelopment activities. All applicants will be subjected to programmatic and financial review.

An outline of CDFA's Predevelopment Loan Program application can be found in Appendix A. CDFA's scoring rubric for the Predevelopment Loan Program can be found in Appendix B. Information on using GMS can be found in Appendix C and D.

Upon receipt of a completed application, CDFA will provide a final decision on any predevelopment loan request within 30 days.

EVALUATION

All Predevelopment Loan Program applicants receive programmatic and financial review. Appendix B provides the scoring rubric.

Proposed projects for predevelopment/technical assistance loan funding must meet the following conditions:

- The proposed project must have a public purpose or provide a clear public benefit. Such benefits must be quantifiable and presented as part of the application.
- Other funding sources are not available for predevelopment activities related to the proposed project.
- CDFA's support is necessary to enable predevelopment activities and to help advance the proposed project to the final planning and financing stage.
- The proposed project has a reasonable chance to proceed to final planning and financing—community interest/support, organizational capacity to move the project forward, preliminary funding commitments, etc.
- The applicant has received or is seeking approval for all applicable environmental, zoning, building, planning and sanitation laws and regulations needed for the proposed project.
- The applicant has the management and financial capacity to coordinate and oversee predevelopment activities and can benefit from technical assistance.

APPENDIX A: APPLICATION OUTLINE

Below you will find an outline of the application for the Predevelopment Loan Program. Applications are accepted on a rolling basis until funds are expended. Applications may be submitted at any time through our online Grants Management System ('GMS') (www.nhcdgrants.org). Hard copy or emailed applications will not be accepted.

I. Applicant Information

- **Primary Contact**
- **Authorized Official/Authorized Official email**
- **Organization Information**
- **DUNS#/Executive Council District/CCR#**

II. Statutory Eligibility

- **Choose Eligible Applicant Type (select ONE)**
 - Community development corporation
 - Nonprofit organization involved in community development
 - Employee cooperative
 - Other type of cooperative
 - Municipality
 - Business
- **Proposed Project Type**
 - Community/Economic Development
 - Housing
 - Both
- **Eligibility Threshold Attachments**
 - Articles of Incorporation
 - Bylaws
 - IRS Determination Letter
 - Proof of Good Standing – New Hampshire Secretary of State

III. Proposed Project Information

- **Project Name**
- **Project Address** (if identified)
- **Executive Summary**
Briefly describe the proposed project.
- **Property Description**
Provide detailed information on the subject property, its ownership structure, and the status of site control. Provide copies of any existing studies, reports, agreements, purchase-and-sales documents, engineering information, etc.

Please describe the historic significance of your project property if applicable. Is it listed on the National and/or State Register of Historic Places? Is it located in a local historic district?

- **Proposed Project Timeline and Readiness**
Provide a proposed technical assistance/predevelopment time line, including the anticipated closing date for final project financing. Provide a list and status of Federal/state/local permits, approvals, agreements,

or other requirements necessary to complete the project (i.e. environmental, historical, zoning, planning, site plan review). If not yet secured, describe the strategy and timeline for securing them.

IV. Public Benefit and Purpose

- **Project Information and Public Benefit Attachments**

- Map of project location or area
- Photos and/or renderings of project property
- Evidence of planning, zoning, and/or any other state or local approvals (if applicable)
- Evidence of site control (Purchase and Sale or Lease Agreement) (if applicable)
- Letters, news articles, studies in support of project (Use “other attachments” for add'l documentation)
- Historical Information (if applicable)

- **Community Input and Support**

What process was used or is proposed to gather community input on the proposed project? Has this project been the subject of any public hearings or forums? Explain with relevant detail.

V. Management Capacity

- **Management Team**

- **Staff** - Describe your organization's current staff and capacity to carry out/oversee the proposed work. Please describe who will be responsible for oversight, reporting and other compliance activities. In addition to staff, what roles will your Board of Directors, volunteers, consultants and others have in the implementation of the feasibility and/or predevelopment activities?
- **Board** - List of or link to Board of Directors (including individual board member affiliations)

- **Financial Capacity**

- Fiscal Year start and end dates
- Operating Budget – Current Fiscal Year
- Operating Budget-to-Actual – Previous Fiscal Year
- Most Recent Financial Statement – submit one of the following:
 - Audited financial statement (required for orgs w/annual operating budget >\$1M); or
 - Reviewed financial statement (required for orgs w/annual operating budget of \$500K-\$1M); or
 - IRS Form 990
- Management-prepared financial statements – Current Fiscal Year
 - Balance sheet, profit-and-loss, cash flow
- Financial Status Overview – A narrative describing the organizations' current financial situation.
- Operating Reserve – Does your organization have one (Y/N). If yes, amount & status.
- Endowment – Does your organization have one (Y/N). If yes, amount & status.
- Line of Credit – Does your organization have one (Y/N). If yes, amount & status.

VI. Project Funding and Budget

- **Project Funding**

Why does the proposed project need technical assistance and/or predevelopment funding? What other sources have you pursued and what is the status of other funding?

- **Project Budget (Sources and Uses)**

Indicate CDFA and other sources. Include a description of each budget line item.

- **Budget Narrative**

Provide a detailed description of sources and uses, how amounts were derived, etc.

- **Potential loan collateral/guaranty**

Describe any potential collateral that may be available to secure the loan.

VII. Certification

Applications will need the following certification statement:

I certify that I am one of the persons named above, and am authorized by the applicant organization to submit this application. I certify that all statements are true and accurate to the best of my knowledge.

I acknowledge this application is being submitted with the full knowledge and approval of the organization's Board of Directors and that the organization will comply with:

- New Hampshire conflict of interest laws as defined by RSA 7:19-a and RSA 292:6-a;
- CDFA's Privacy Policy by which you acknowledge all information and documents created, accepted or obtained by, or on behalf of, CDFA are potentially subject to disclosure in compliance with RSA 91-A, New Hampshire's Right-to-Know law.

I further acknowledge that should my organization be awarded a predevelopment loan, CDFA will require a board resolution approving the proposed loan terms and documents.

Certification

Full Name of Certifying Officer

CEO/Executive Director/Board Officer Certification Form

APPENDIX B: PREDEVELOPMENT LOAN PROGRAM SCORING RUBRIC

<u>Review Category</u>	<u>5 points</u>	<u>3 points</u>	<u>1 point</u>
Project Readiness	Clear timeline defined; all key elements are in place; final financing package nearly complete; closing date set	Tentative timeline defined; most key elements are coming together; some financing secured; tentative closing estimated	Timeline not very clear; early in project development; most project elements still to be completed; little or no financing secured; no closing date
Site Control	Affected site is owned, leased or controlled by applicant or affiliate	P&S or other formal agreement in place with tentative closing set	No site control secured, but general agreement with seller
Permitting	All relevant permits secured	Some permits secured, others in process	No permits secured, but applications submitted
Community Benefit	Multiple benefits for a wide variety of people in the community; project would serve a broad cross-section of residents	Benefits some community residents; project would serve a more narrow or limited cross-section of the population	Limited community benefit; project would serve a narrow or very limited segment of a community or population
Community Support	Strong and documented community support	Some tentative community support, but more work needs to be done	Plan for community input developed but no clear statement of community support yet
Management Team	Strong team with experience developing or managing large and complex projects	Good team, some experience with project development and/or management	Good team, but little or no experience with project development or management
Organizational Capacity	Organization has positive track record with project development and/or management; strong mission alignment	Organization has done one or more projects in the past; good mission alignment	Little or no previous history with project development and/or management; limited mission alignment
Financial Capacity	Strong balance sheet and extensive experience raising capital funds	Good balance sheet, but limited experience raising capital funds	Shaky financial situation or little to no experience with capital projects
Need for CDFA funding	No other sources available; CDFA funds will make or break the success of the project, or result in significant savings	Some other funding sources may be available	More than one other pre-development source available but not tapped
Intangible/other factors	Strong intangible factors that warrant loan capital	Moderate intangible factors that warrant loan capital	Limited intangible factors that warrant loan capital

APPENDIX C: LOAN DOCUMENTATION AND ADMINISTRATION

If a predevelopment loan is approved, the following will constitute the loan documentation. Following approval, approximately two weeks is needed for loan processing.

Loan Commitment Letter

This letter includes the amount authorized by CDFA that may be drawn for the project, specific loan terms, and any special conditions pertaining to the loan commitment.

Loan Agreement

Borrowers must enter into a loan agreement with CDFA using a standard master loan agreement form, which is designed to be easily amended to cover any anticipated subsequent CDFA loan commitments to the borrower for the same project. The loan agreement includes a 'maximum loan amount' that CDFA might provide to the project. In some cases, this amount will exceed the initial loan amount authorized by CDFA thus anticipating the possibility of future allocations.

Promissory Note

The note is the evidence of indebtedness. This document also specifies the 'maximum loan amount' for which the borrower may qualify for a particular project.

Board Resolution

The board of directors of the borrowing organization must authorize borrowing up to the 'maximum loan amount,' the granting of guarantees or assignments (if required), and designation of an individual to sign the documents with CDFA on the borrowing organization's behalf. A written resolution documenting the board's approval is required.

In cases where the borrower and the developer are separate legal entities, both the borrower and developer are required to execute the loan documents. In addition, the developer, as the recipient of the construction/final loan proceeds that will retire CDFA's loan, may be required to guarantee repayment. In some cases, the CDFA loan will be closed prior to the creation of the entity that will serve as the developer. In such cases, the loan agreement may stipulate that the borrower have a separate developer agreement and guarantee executed when the development entity is formed.

If a predevelopment loan is approved, the following will constitute loan administration.

Disbursements

After a loan is executed, the borrower submits claims for reimbursement through GMS and attaches invoices approved for payment, as well as work products and other documentation. If all or part of the disbursement will cover the cost of an application or commitment fee, instead of an invoice, borrower attaches a copy of the document indicating the amount to be paid, the date when payment is required and the name and address of the payee. Detailed instructions for submitting claims in GMS are provided with signed loan documents.

Loan Modification

If project costs and activities justify, the borrower may request an increase in the loan amount above the approved 'maximum loan amount' in the loan agreement. The request must be submitted in writing, along with detailed justification and a revised project budget. If CDFA approves an increase above the previously approved loan amount, CDFA will execute a Loan Increase Commitment Letter. The letter revises the schedule of approved costs and disbursements contained in Exhibit A of the loan agreement, and serves functionally as a loan amendment.

Repayment Terms

The full amount of principal and accrued interest is due and payable on or before the closing date for the final project financing package. There is no penalty for prepayment. CDFA may forgive repayment of this loan if, in the sole opinion of CDFA, the project becomes infeasible due to financial, regulatory or other circumstances beyond

the control of the borrower. Borrower must submit a written request to forgive repayment with a detailed explanation why the project will not move forward and why the borrower is unable to repay the balance owed.

Reporting

Borrower must provide a brief progress report on the overall project with each claim request. If the borrower does not have a claim to submit in a calendar quarter, borrower must provide a brief written update on project progress by the end of each calendar quarter (March 31, June 30, September 30, December 31).

Prospective applicants are required to consult with CDFA staff before submitting a formal application to the Predevelopment Loan Program. For more information, please contact Kevin Peterson, Director of Economic Development, at 603-226-2170 or email kp@nhcdfa.org.

APPENDIX D: HOW TO REGISTER ON CDFA'S GRANTS MANAGEMENT SYSTEM

Registration Instructions

These instructions are designed to help guide you through the registration process for CDFA's online grants management system (GMS) at www.nhcdfragrants.org. If you encounter any problems, please do not hesitate to contact CDFA at 603-226-2170.

- 1) Go to www.nhcdfragrants.org.
- 2) Click on **Register Here**.
- 3) Complete the form. This will become your personal profile information and includes your contact information as well as information about your organization. Your profile will be used for all grant communication, so make sure it is accurate and up-to-date.
- 4) Fields with a red star (*) are required, and must be completed or you will not be able to submit your registration.
- 5) Once complete, click the Register link at the top of the form.
- 6) CDFA will be notified of your registration and will review and approve within 2 business days. You will then receive an email from GMS with your user ID and password. You can change your password after you log in, under the My Profile on the main menu page.
- 7) Note: All individuals working on an application in GMS must register. If your organization hires a grant writer, they must register as well, under their business. They must submit a GMS authorization form to be associated with the applicant organization. This form can be found in the Funding Opportunity under attachments.

Application Instructions

- 1) Once you are registered, login to GMS.
- 2) Click on **Funding Opportunities**.
- 3) Select the appropriate funding opportunity from the **Opportunity Title** column.
- 4) Click on **Start a New Application**.
- 5) Fill in the General Information and click **Save**.
- 6) When you have finished all the components, click **Submit**.

APPENDIX E: TIPS FOR USING CDFA'S GRANTS MANAGEMENT SYSTEM

These tips are designed to help guide you while using CDFA's online grants management system (GMS) at www.nhcdfragrants.org. If you encounter any problems, please do not hesitate to contact CDFA at 603-226-2170.

- 1) The best browsers to use are Mozilla Firefox or Google Chrome.
- 2) To edit a component, click "edit" near the top of the form. Fields and text boxes will open for you to answer the question(s). Be sure to click on Save after answering questions.
- 3) You can copy and paste from a Word document to a question in GMS. Use the "Paste from Word" feature in each text box banner to avoid copying hidden characters.
- 4) To add a required document, click on the green plus sign to the right of the document. You will then be prompted to browse and attach a file.
- 5) Only attach .pdf or .jpeg documents. If you do not have Adobe software, you can use CutePDF Writer to create a .pdf document. You can download CutePDF Writer software at www.cutepdf.com.
- 6) If you mark a component complete you can still edit that component until the application is submitted, however, you cannot submit your application until all components are marked complete.
- 7) Once you click submit your application will be submitted for review and is only accessible through negotiation. If there is information missing or that needs to be corrected, the respective component(s) will be negotiated back to you for correction.
- 8) After the corrections are made, you must submit the component(s) back to CDFA for review.
- 9) If multiple questions in one component are required fields, you can save the component without answering all of the questions by adding at least one (1) character to each of the required boxes and save. Remember to return and answer these questions before the application is submitted.
- 10) Be sure to "Save" early and often.
- 11) The system will "time out" after three (3) hours of inactivity.
- 12) If you click the back button before you click save your information will be lost.
- 13) Before submitting your application, we recommend that you preview your application, print to pdf and save it to your computer.