

IMPOWER



Small Business Finance

IMPACT CAPITAL + POWER OF OWNERSHIP = CHANGE

A NEW IMPACT FUNDING INITIATIVE

CDC Small Business Finance's (CDCSBF) new privatized commercial real estate loan, Impower, is a new product that provides responsible, affordable and flexible CRE financing to small business owners in opportunity zone and low- and moderate-income (LMI) communities. Ideal Impower candidates were either declined or did not qualify due to eligibility or creditworthiness for a conventional, Small Business Administration (SBA) or hard money loan.

THE NEED

Situation: As many as 8,000 small business owners, especially entrepreneurs of color and women, are not able to access affordable and responsible capital to purchase real estate due to conventional or SBA loan ineligibility, insufficient credit history, or credit profiles rejected by conventional lenders.

Solution: Impower will deploy the fund annually to small businesses nationwide through a privatized program that leverages CDCSBF's track record and delivers yield to investors. Initial deployment will focus on Los Angeles County, the world's 3rd largest metropolitan economy.

IMPOWER = IMPACT

- **Viable option for the underserved** Up to 8,000 small business owners in LMI neighborhoods, many owned by people of color and women, will have access to attainable capital
- **Access to affordable and responsible CRE capital** Currently, over 4,000 small business owners rely on predatory hard money and subprime loans
- **Business Stability** Fixed occupancy costs allow for effective long-term business planning that can better support the entrepreneur's goals
- **Create/Retain jobs** Over the long term and at scale, CRE ownership could enable small business owners to support up to 72,000 jobs, providing economic opportunity and stability in LMI communities
- **Promote growth in Opportunity Zones and LMI communities** With CRE ownership, small business owners remain in their neighborhood, invest in their property and spend in their local community — \$68 of every \$100 spent at a local business remains in the community (compared to \$43 remaining of every \$100 spent at a non-local business)

WHY CDC SMALL BUSINESS FINANCE IS THE RIGHT PARTNER

- **Mission based lending leader** Driven by community and economic development, CDCSBF provides access to products, services, and advocacy to ensure all small businesses have equal opportunities
- **The nation's #1 SBA 504 lender** Consistently the leader and expert in the industry for over 25 years
- **SBA 504 annual delinquency rates less than 1% (since 2012)** CDCSBF's depth of knowledge and expertise is the foundation to effectively managing portfolio risk
- **Over 40 years of impact** CDCSBF has provided more than \$18B in funding to 11,000+ small business owners and created or preserved over 209,000 jobs

IMPOWER



Small Business Finance

IMPACT CAPITAL + POWER OF OWNERSHIP = CHANGE

TARGET AUDIENCE + PRODUCT VALUE

The target segments for this product are small business owners with average to managed credit who are now reliant on alternative lenders that offer high down payment (results in low LTV), high-interest subprime loans that restrict applicant's working capital and creates a higher threat of early default.

Lender	Conventional/SBA/Hard Money	Impower
Pitfalls + Advantages	<p>Commonly ineligible for conventional/SBA loan due to the rigid guidelines and set loan structure parameters. These barriers limit financing options that would best support business growth.</p> <p>Hard money has a higher interest rate and higher down payment requirements. With this option, the loan does not support long-term, sustainable success.</p>	<p>Frequently ineligible for conventional loans and reliant on subprime options</p> <p>Impower offers access to non-predatory capital, providing higher LTV per loan request offering managed interest rate charges versus conventional, SBA or hard money loan options, allowing these business owners to use their existing credit history, financial capacity while investing in their business.</p>

Product Value

Payment	Traditional principal with interest Principal plus interest payment options	Monthly Interest only payment if qualified in years one thru three, with P&I thru remaining term
LTV	Conventional: 20-30% SBA: 80% - 90% with conditions Hard Money: 60% - 65%	Impower: 85-90%
Interest Rate	4-15%	6-12%
Amortization/Term	1-25 yrs Principal + interest from day one	7yr/25yr amortization 12-36 months interest only

HOW YOU CAN HELP

- Refer potential small business owner candidates
- Alert your network about this new product and impact opportunity
- Share any resources you recommend we contact

FOR MORE INFORMATION

Please contact Mike Owen, mowen@cdcloans.com or 619.243.8625