

Economic Development Resources Tribal Forum

Presentation by : Marvin L. Adams

National Capital LLC

April 29, 2010



LOAN STRUCTURING

- Equity Extraction
- Refinancing current debt on facilities or buildings.
- Financing debt using current cash-flow
- Pledged Assets Financing
- Waiver of Sovereign immunity on asset being financed

Five C's in Lending

- Capacity - Cash- Flow - Primary Source of Repayment
- Collateral - Secure the loan minimum of 80% LTV
- Capital - Cash down – Skin in the game
- Character - Trust Worthy, Industry Knowledge
- Conditions - Purpose of funds, Economy, competition

ACQUISITION FINANCING

- Purchasing Existing Companies
- 20 to 30% down payment
- Profitability three years is good within Industry Standards.
- Five year EBITA
- Management Considerations

LINES OF CREDIT

- Average one to three years lines.
- Use for on going cash generating operations.
- Short term cash short falls.
- Payroll, working capital, meet contract obligations.
- Secured by current Contracts /Bank Controlled Accts.

CONSTRUCTION LOANS

- Typically see 12 to 18 month terms.
- Some Construction Loans are part of a long term loan facility like Office Buildings, Hotels, Retail.
- Traditionally see a 70% Loan to Value (LTV).
- Used to for payroll, equipment, materials & Subcontractors, Site Development Utilities

SECONDARY FINANCE MARKET

- Taxable Credit Tenant Leases Private Placement Bonds
- Tax Exempt Bonds
- Direct Obligation Private Placement Bonds
- Equipment Trust Certificates
- Floating Note Rates
- Pricing at US Treasury plus 250 to 300 bps depending on credit worthiness of the borrower.
- Up to 100% LTV on most bonds.
- Min 1.00x DSCR

FUNDING SOURCES

- Primary Lenders: Wells Fargo, US Bank, Bank of American
- Secondary lenders: Insurance Companies, Life Companies, Wall Street Finance Brokers.
- New Market Tax Credits, (NMTC).
- Low Income Housing Tax Credits (LIHTC)

BIA LOAN GUARANTEE PROGRAM

- 90% loan guarantee for Tribes and Individuals
- 20% cash & or equity participation
- Up to 30 years terms
- Individual tribal members \$500,000.
- Tribes \$100k to \$30m
- Interest Subsidy Program \$\$\$\$\$\$
- Excellent program for Start up companies.
- \$250 million in guarantee funding from Obama Administration 2010.

Economic Development Resources Tribal Forum

Open for discussion on Options

Contact: Marvin Adams President

National Capital LLC

(907) 334-6484 work

(907) 350-5085 Cell

www.national-capital.com

