

CHFA
Colorado Credit Reserve Webinar
6/1/2016



*financing the places where
people live and work*



Colorado Credit Reserve

Credit
Enhancement

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Credit Reserve

- Program Background and Description
 - Credit Reserve Description
 - Lender and Customer Benefits
 - State of Colorado funded program
 - 12 participating lenders
 - 1,793 registered loans
 - Has leveraged 68.4 million in financing



Colorado Credit Reserve

Program Update

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- Funding now available!
- Details regarding future funding
- New funding required changes to Program Guidelines ...
- New loan registration form:
<https://www.chfainfo.com/business-lending/Pages/forms-CCR.aspx>





Updates to Program: New Rules!

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- **Adjustment to CHFA's ability to withdrawal funds from reserve account:** If at any time a Lender's CCR Account is greater than 50 percent of the aggregate gross loan amount of the Lender's total Registered Loans, the Program Manager may withdraw any excess funds from the Lender's CCR Account so that the CCR Account is equal to 50 percent of the aggregate gross loan amount.
- **Establishment of Inactive Lender Policy:** If a Lender has (i) not provided a new Registered Loan for 12 months or more, or (ii) has no Registered Loans outstanding and its participation in the program is not continued, the funds in the Lender's CCR Account will be returned to the Program Manager.



Updates to Program: continued

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- **Reserving Rural Funds:** CHFA and OEDIT will be reserving 50 percent of newly authorized funds for loans made to rural businesses.
- **Suspension of Bonus Match:** CHFA will no longer provide a 25 percent bonus match to qualifying borrowers and will only provide the standard match, as described in the Program Guidelines.
- **Rescheduling of Reporting Requirements:** On or before July 31st every year, each participating Lender must file a Status Report (see example in the Lender Participation Agreement) with the Program Manager for its Registered Loans indicating outstanding balances of each Registered Loan as of the previous June 30th.





Updates to Program: continued

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- **Establishment of Account Cap:** Lender may only receive a CCR Match if their CCR Account is less than or equal to \$500,000. Once a Lender has \$500,000.00 in its CCR Account, it is no longer eligible to receive any CCR Program funds. However, the Lender may continue to register loans into the CCR Program and may grow its CCR Account with the 1 percent loan registration fees collected from borrowers. This is re-assessed on an annual basis.



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Any questions?





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- Program Overview: How it works
 - Lender must register for CCR and create loan loss reserve account
 - Once completed, Lender is eligible to register loans into program.
 - Lender follows procedure to register loan with CHFA
 - CHFA deposits state “match” of up to \$7,500 after registration is received
 - On going reporting requirements and claims.





CCR Process

CHFA Processing and Funding

- Once received CHFA staff will review package to ensure all required documents were provided. No underwriting is performed by CHFA staff.
- Upon acceptance of the loan into the program, CHFA will issue a check from the CCR Program funds (when funds are available) for deposit into Lenders CCR account based on the following schedule:

Loan Amount	\$0-\$10,000	\$10,001-\$65,000	\$65,001-\$250,000	\$250,001 - \$500,000
CCR Match	20%	Fixed at \$2,000	3%	\$7,500
Borrower fee	1%	1%	1%	1%





Colorado Credit Reserve: Eligibility

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- Borrower Eligibility
 - Borrower must be carrying on a trade or business primarily within the State of Colorado
 - Primary economic benefit of the loan must be contained in Colorado
 - Borrower's business may be not-for-profit or for profit
 - Borrower's business may be any type of business including agricultural production and processing, except as limited on following slide

- Loan eligibility
 - Loans up to \$500,000
 - Working capital, inventory, equipment, contract financing, lines of credit, and owner-occupied real estate projects.



Colorado Credit Reserve: Eligibility

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- No portion of the proceeds of an eligible loan may be used for the following:
 - A. Refinancing of debt on the books of the Lender or affiliate bank except in the case that a Registered Loan is renewed or extended.
 - B. Loans made to executive officers, directors, or principal shareholders of a Lender, or family members of the same. The basic definition used in this prohibition is the same as Federal Reserve Act Sections 22(g) and (h), Federal Reserve Board Regulation O, and the Office of Thrift Supervision regulations at 12 C.F.R. §563.43.
 - Continued on next slide ...



Colorado Credit Reserve: Eligibility

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- No portion of the proceeds of an eligible loan may be used for the following.
 - c. Loans to or for pyramid sales distribution plans; business engaged in political or lobbying activity; private or commercial golf course; country club; massage parlor; hot tub facility; suntan facility; racetrack or other facility used for gambling; store where the principal business is the sale of alcoholic beverage for consumption off-premises; governmental entity; business engaged in any illegal activity; business where a principal is incarcerated, on probation, on parole, or has been indicted for a felony or a crime of moral turpitude; business principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs; business which presents live performances of a prurient sexual nature or derives more than 2 percent (2.0%) gross revenues from the sale of products or services of a prurient sexual nature.
 - d. Financing for housing.
 - e. Loans guaranteed by the Small Business Administration or United States Department of Agriculture.



Questions?





Thank you!

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CCR Program Guidelines and Documents can be found at:

<http://www.chfainfo.com/participating-lenders/business/pages/forms-ccr.aspx>

