



TMF:
**The Proven Model for Texas
Business and Community
Development**

- Business loans for “growth-oriented” businesses with needs that may qualify for only partial financing through traditional lending institutions.
- Affordable housing loans to nonprofits and for-profits
- Community facility financing for nonprofits



Celebrating 10 years: TMF Statewide Impact

- **\$45 million in loans to 144 businesses, 16 affordable housing developments, and 11 non-profits in 59 Texas communities.**
 - 50% Minority-owned
 - 8% Women-owned, non-minority
 - 71% eligible low-income census tract
- **Leveraged more than \$165.9 million from banks and other lenders, providing a total of \$211 million in new capital to Texas businesses and communities.**
- **Assisted in the creation of 1,664 new jobs through business financing**
- **Financed 507 affordable housing units.**



Celebrating 10 Years Operating May 1999 – 2009

- For-profit and statewide fund created by a consortium of financial institutions
- \$14 million Community Development Financial Institution or “CDFI”
- Awarded \$25 million New Markets Tax Credit through U.S. Dept. of Treasury – only Texas-based CDFI in 2008 round



The Proven Model: Collaboration to achieve compelling economic development impact

- Job creation for individuals of low- to moderate-income
- Minority and woman-owned business development
- Location in low-income communities



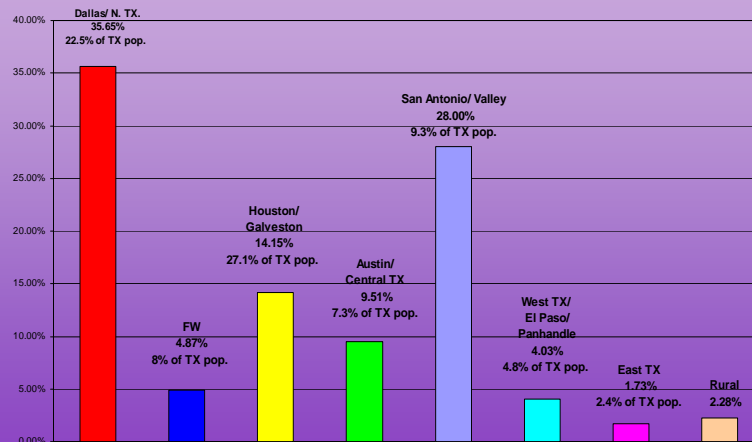
The Proven Model: Collaboration

Deal Flow: Worthy deals that make sense and ought to get done

- Participating bank investors
- “Value-Added Bankers”
- SBA Lenders
- Local CDFI’s
- Small Business Development Centers
- Minority Business Enterprise Centers
- Affordable Housing: TACDC, TALFHA

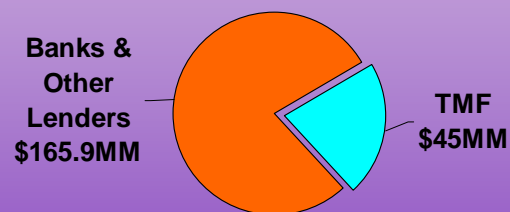


Geographic Impact Since Inception



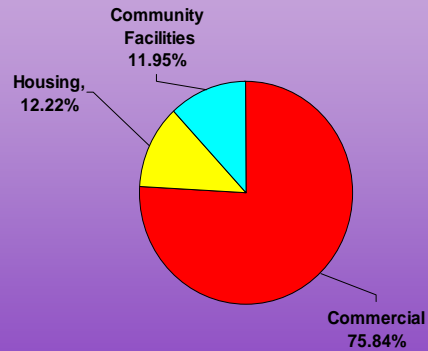
The Proven Model: Collaboration

\$211 Million Aggregate into Texas





TMF Lines of Business



TMF Business Loans

- Fast-growing or stabilizing companies needing creative financing
- Up to \$500m: Partially qualifying for bank financing thus needing additional source to obtain 100% financing needs
- Up to \$300m: TMF as sole lender
- Term debt: expansion financing – permanent working capital &/or R/E; equipment; business acquisition



Why refer a deal to TMF?

- Working capital constraints
- Qualifying for bank revolving lines of credit but needing some level of term debt, that is, permanent working capital
- Bank looking to lower LTV (R/E expansion or revolving borrowing base formula)
- Higher-than-acceptable leverage under traditional and tightening underwriting criteria

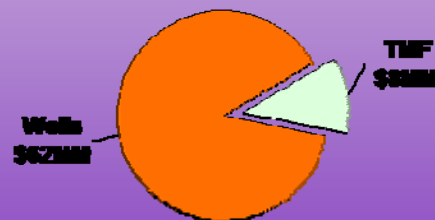


TMF in Tandem with Wells Fargo Bank N.A. -TMF Investor-

Lien Position:	Wells 1st	Wells 2nd	Wells Other	TMF Loan	# of Loans
SBA 7(a) & Conventional	11,017	1,784	1,210	1,962	14
Pd Loans from 504 Takeout	15,642	6,864	3,165	3,151	14
On Books Now w/504 take-out	14,070	5,952	1,085	2,800	8
<u>To Date</u>					
Total in tandem w/Wells	40,728	14,600	5,460	7,913	
Grand Total with Wells	60,788			7,913	36



TMF in Tandem with Wells Fargo Bank N.A.



Collaboration with Wells & SBA 504 Medical Practice Expansion

\$ 1,020,600	Wells, 1st lien, to convert to permanent
568,300	*Wells, 2nd lien Bridge w/SBA 504 take-out
\$ 225,000	*TMF, 3rd lien Bridge, w/SBA take-out iao
<u>\$ 205,540</u>	Equity Injection @ requisite per SBA 15%
2,109,440	Total Project Cost
30,000	Wells Express Line of Credit

*\$793.3m SBA 504 take-out into 20 yr. permanent loan

- Wells @ 75% LTV through construction phase
- Minority-owned Internist practice expanding to double space and into new urgent care
- 4 new jobs



Collaboration with Wells & SBA 504 Start-up Hotel

\$1,829,000	Wells, 1st lien, to convert to permanent
552,500	Wells, 2nd lien Bridge w/SBA 504 take-out
500,000	TMF, 3rd lien Bridge, w/SBA take-out
<u>\$ 750,825</u>	Equity Injection @ requisite per SBA 15%
\$ 3,632,325	Total R/E Project Cost
\$452,600	Wells, SBA 7(a) Loan & addtl \$197m equity

- *\$1,052m SBA 504 take-out into 20 yr. permanent loan
- Wells @ 65% LTV through construction phase
- Minority-owned business; eligible low-income census tract; 10 full-time jobs



Collaboration with Wells & Community Development Loan Fund

- | | |
|--------|--|
| \$750m | Wells line of credit w/1 st on A/R & Inventory |
| \$400m | TMF as Lead Agent in participation with CDLF @ 50/50 w/2 nd on A/R & Inventory |
- 3-year old distribution company: rapid growth to \$8.9mm in revenues; solid profitability; but resorting to expensive factoring
 - Tandem structure eliminated factoring
 - TMF/CDLF provided permanent working capital to complement bank's RLOC, thus total financing solution for prior and new growth capital
 - Community Impact to San Antonio: CDFI Investment Area & Economic Development Hot Zone
 - Company revenues now @ \$16 million & profitable - 2 years later



Collaboration with Wells & SBA 7(a) Child Care Business

- \$271,000** Wells SBA 7(a) to purchase R/E
\$ 69,000 TMF consolidated business-related credit cards
30,000 Equity Injection (seller carry)
\$370,000 Total Project Cost
- Bank @ 90% LTV on R/E w/benefit of SBA Guaranty
 - TMF with 2nd lien business R/E (abundance of caution) & otherwise unsecured exposure
 - < 1 yr. woman-owned child care business, self-financed (credit cards)
 - Both lenders raced to closing to beat foreclosure against R/E owned by landlord and saved business.

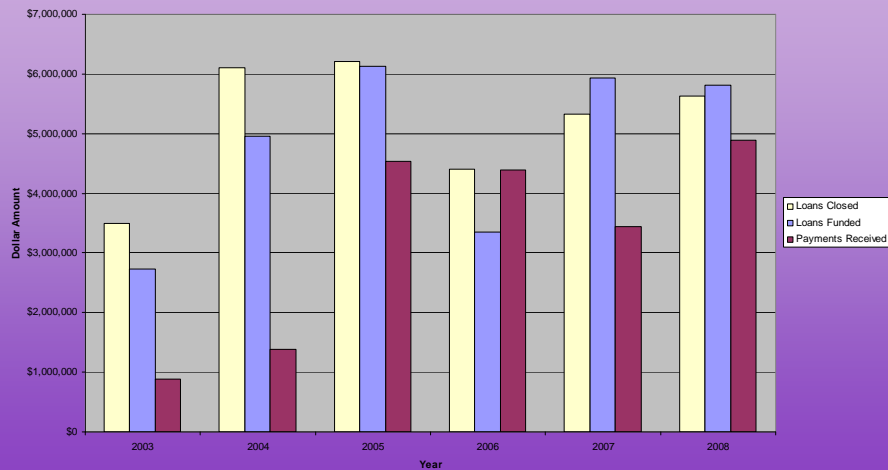


TMF in Tandem with Wells Fargo Bank N.A.

- 7 expanded, some new, medical practices
- 7 new or expanded child care businesses
- 3 new hotels
- 8 manufacturing expansions
- 5 restaurant expansions
- 6 retail or service expansions



CLOSINGS/FUNDINGS/REPAYMENT



The Proven Model: Collaboration Achieving Scale & Impact Staying Lean & Mean

\$14 million fund: \$45 million direct impact & \$211 million aggregate into Texas businesses and communities

4.7 : 1 in tandem lending (investor banks & non-investors)

Local eyes on the deal (senior lender, local cdfi)

Depth in core competencies: SBA 504 & 7(a); “lots of moving parts”; participations; intercreditor agreements

Marketing to lending community, business svc providers

TMF in Comparison to Peers @ \$14mm Assets

- **6 full-time staff vs. 11 for peers**
- **\$780m operating expenses vs. \$1.9mm**
- **Self-Sufficiency @ 152% vs. 99% (earned revenue to operating expense)**