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Baltimore Community Lending Serves Baltimore

BCL's mission is to ensure access to capital for developers looking to revitalize and strengthen Baltimore City and its neighborhoods through innovative and flexible financial assistance designed to promote community development.

We recently had the opportunity to review our successes in implementing our mission in terms of demographics, and are pleased to report that our portfolio reflects the great diversity of our community. Based on our existing portfolio of long term loans, recent strong increased activity of Guidance Lines of Credit, and including the existing loan commitments which we have made and expect to close in the next 60 days, sixty percent (60%) of our loans are to companies with African-American principals, 17% are to companies with white principals, 8% to non-profits, 12% to Woman owned companies, and 3% to people who designate themselves as Indian. We are proud that we have achieved these results under our existing guidelines and without concessions or other special products!

Baltimore Community Lending Real Estate Loan Activity

BCL continues to support developers and their companies who are focused on moving Baltimore forward. With the various products that we have, we are listing almost \$3 million in closed loans for the quarter.

The **Social Impact Developers** is a partnership of 7 African-American business people who recently brought together their experience and resources to acquire and rehab properties throughout the City with a focus on Southwest Baltimore. We approved and closed a Guidance Line of Credit for \$750,000 for acquisition and rehab to complete properties for homeownership. They expect to produce about 10 properties during the loan term. They also are working closely with Southwest Baltimore Partnership to develop plans for the Capitol Theatre in the 1500 block of West Baltimore Street. As they move forward, they are looking to purchase the ownership entity holding the property title, complete development planning, and ultimately construct the development of what is anticipated to be a \$6 to \$7 million project for the 19,000 square foot historic building.

411 Robert Street



Ms. Tammy Phelps, Managing member of **200 North Gilmore LLC** completed a \$1.1 million repositioning of existing debt and a construction loan. The project presently has 13 completed units, and renovate 5 units, which were fire damaged, during the initial loan term. The Commercial Multifamily Loan Product is interest only during construction and will reset as a loan amortizing over 25 years with a five year balloon.

200 N Gilmore Street



EI-Raye Properties LLC is a one unit purchase and rehabilitation loan for Elmer and Raye Barksdale. This is the first complete renovation project for the couple. The Construction loan was closed at a total of \$223,000. They intend to complete and sell the home. We look forward to expanding our relationship as they move forward.

1013 Whitelock Street



The Udehs, a husband and wife team with experience in purchasing and renovating properties through their company **NR2C, LLC** also closed on a \$750,000 Guidance Line of Credit and Commercial loan, which has the flexibility to support the completion of for sale homeownership units as well as units planned for renovation and rental. They are anticipating completing 7 properties in the next 24 months, some of which they purchased at two separate auctions. Additionally, NR2C and BCL are working with the City to trade two of their owned properties for other units in targeted areas more closely aligned with their focus area.

1021 W Fayette Street



New Loan Approvals

However as we continue to meet with developers, we cannot rely just on what we closed but must look to what we expect to close in the next several months. During the same quarter we approved and committed another \$2.5 million in new loans as well as extending an existing "pre-qualification" commitment.

We approved and committed \$1 million to **Baltimore Impact Properties**. Similar to the loan provided to NR2C, this loan has the ability to be both a revolving line of credit and a longer term "mini-perm." The principals, Patrick Hudson and Martha & John Chapman, expect that this will be the start of their activity to complete a very significant number of affordable home ownership and rental properties opportunities for the people of Baltimore. The Chapman's have extensive experience in development, construction, and property management throughout the region. They have decided to focus their activity on Baltimore for the foreseeable future.

Samuel Gherkin has been a contractor and property owner for the past two decades. We are pleased to be able to provide additional capital to help him continue his activity and recently approved a \$ 1 million Guidance Line of Credit for **SG Complete Home Care Remodeling**. He is focused on purchasing, rehabbing and selling houses in zip codes 21218, 21214, and 21239 among other communities.

We also approved a \$500,000 Guidance Line of Credit for **BBMD Ventures LLC**. Brian Brooks is the sole member. For the past ten years he has been involved in purchasing and renovating properties to both hold as rentals as well as sell for homeownership based on the strength of the market where the properties are located. He expects that this revolving line will help him to increase his capacity and experience.

We also were pleased to extend our existing loan commitment to **CCTV**, a minority contractor for the City and Spiniello Companies, which provides closed circuit television monitoring and vacuum cleaning services for utility lines throughout the City. Mr. Wylie is expected to close on the purchase and retrofit of a commercial property to house his specialized trucks and equipment and create a headquarters with garage storage. This property will help strengthen his business and provide a permanent home in Baltimore City. He is using our Commercial Real Estate Business loan product with a twenty year amortization and a five year balloon.

BCL provides Guidance at the 2017 Baltimore Builds Expo

Sean Russell and Deirdre Pressley were speakers at the Baltimore City Department of Housing and Community Development (DHCD) Baltimore Builds Expo, which was held at Coppin State University. For several years DHCD has organized and sponsored a very thoughtful and robust series of panels to assist new and emerging developers understand the V2V process as well as get an understanding of what is needed to successfully access capital. Both Sean and Deirdre have volunteered a considerable amount of time to provide their guidance, experience and information in these forums to assist the City and its activities. The following is an excerpt from an e-mail from the City to BCL after

the event.



"We were very fortunate to have you as a speaker this year. Your willingness to share your time and expertise was critical to the success of this event. It is our collective efforts that will bring us closer to reducing property blight in Baltimore City. The Expo was not meant to be a single event, but to continue to spark discussion and activities to help our great City.

The day ran smoothly. The attendees stayed and enjoyed the exhibitors and workshops. During the day, many people shared compliments on the workshop instructors and were appreciative for the knowledge that you shared with them.

Our preliminary numbers reflect more than 150 attendees. "

For more information on this please visit the Baltimore City Facebook (<https://www.facebook.com/vacantstovalue/?ref=bookmarks>) or Twitter (<https://twitter.com/BmoreV2V>) page to review the City sponsored event photo gallery.

Annual Financial Audit

The Audit and Finance committee of Baltimore Community Lending reviewed and recommended acceptance to the Board of BCL the Annual Audit performed by SB & Company. This is the first year with SB&Company under a new three year contract at a savings of over \$30,000 during this period. In addition to their attention to detail, we were pleased with their work and support. We reviewed and approved a clean audit with only two non-material adjustments. It also emphasized the progress that BCL had made over the past year with a \$56,000 profit from cash operations. We also were able to review and approve the 2016 Federal Tax 990's for BCL and CREO which were completed and filed early.

Baltimore Business Lending Small Business Update

Early in September, we received a Commitment Letter from the Maryland Department of Housing and Community Development (DHCD) for the State's investment in the Small Business Initiative Loan Loss Reserve. DHCD is committing \$200,000 to BCL as a Loan Loss Reserve, which will be bolstered by BCL's own contribution of an additional \$250,000. BCL has executed the initial agreement and is now awaiting the final documentation.

We also have created a subsidiary organization titled Baltimore Business Lending, LLC, (BBL), a board of directors has been organized to oversee BBL's activity. The board is chaired by Nichole Doye Battle, CEO of GEDCO; and members include Paul Taylor, Director, Mayor's Office of Small, Minority and Women Business; Christopher Rockey, Market Manager, Greater Maryland Community Development Banking, PNC Bank; Bill Ariano, President and CEO, BCL, and Andrea Garris Jackson, founder, DPN Group, LLC . The board held its first meeting on October 6.

We are awaiting the finalization by PNC Bank of the initial infusion to the loan capital fund in the amount of \$1 million. We will be submitting an additional request to the Calvert Foundation in the amount of \$2 million in January 2018.

Four existing micro-lenders and experienced technical assistance providers will be in the initial group participating in the lending activity of the program, and another four organizations have expressed interest in providing technical assistance to borrowers. We are in the final phase of evaluating existing software systems to assist the participating lenders in the origination, processing, underwriting and servicing of the loans. We hope to begin offering small business loans through participating lenders in the near future and will keep you informed as we get closer to that start.



Baltimore African-American Housing Equity Collaborative

Baltimore Community Lending is working closely with a newly organized group named the Baltimore African-American Housing Equity Collaborative (the Collaborative). Created out of the energy from Al Pina, a Community Reinvestment Act advocate, the organization was recently incorporated. Diane- Bell-McCoy, President and CEO of Associated Black Charities was instrumental in visiting Mr. Pina and witnessing the successful work he is doing in South Florida promoting affordable home ownership for African American families, completing the development of properties and investing the equity back into the community. His model also is used to provide subsidy to lower the sales price of other properties, and strengthen families with low income.

The Collaborative will follow a similar tract as his Florida activity by identifying foreclosed properties in the Baltimore metropolitan area that are being managed by the National Community Stabilization Trust, a quasi-public federal agency that acts as a property clearinghouse for FNMA and FHLMC. In Baltimore participants will bid on the properties and will offer a discounted purchase price, instruct a master contractor to rehab the properties, sell the properties, and then collect the equity to build a fund to provide mentoring, training, and support to Baltimore based CDC's and small to mid-size developers. A portion of the equity is also going directly to the participating organizations to assist them to build their own equity with the goal being to provide training and guidance, and also help the participants become financially capable of moving on to larger projects within the communities they serve.

What is intriguing in this venture is the potential to rebuild and recapitalize community

based organizations without government subsidy, as well as creating an independent Baltimore based organization capable of self-funding the mentoring and training of CDC's and developers with the goal of significantly increasing capacity in the African American Community to further their own housing development activities. This also is an innovative way to begin to address the well-studied inequality of equity based on race in the Baltimore metropolitan area.



As a collaborative they will also be negotiating discounted prices for material, and employing a common accounting, realty title company, attorney and other necessary development partners to ensure consistency in operation. Presently several Baltimore CDC and community leaders are working as the board for this new venture with Associated Black Charities acting as the fiduciary while the organization awaits its 501 C3 approval.

BCL is working with a number of banks to raise the capital to lend to the Collaborative and will act as the fund manager for the initiative.

As the Collaborative continues to work towards its implementation, they will have more information.

Aileen Mackall



We will miss a friend at BB&T who is moving up in the organization and away to Charlotte North Carolina, BB&T's corporate headquarters. Aileen Mackall helped us move our operating account to BB&T and saved the BCL organization almost \$6,000 annually in fees. In addition she shepherded through BB&T an increase in one of our stand-by lines from \$500,000 to \$1 million despite our prior year's very challenging financial results.

In addition she arranged a better than other institution's interest rate for our working capital on deposit at the Bank. While we continue to work closely with Janice Williams, Vice-President and Community Development Specialist for BB&T, Aileen's banking assistance was indicative of the type of a relationship that we are aggressively attempting to achieve with the financial institutions operating in Baltimore. With our experience with Aileen, we anticipate an equally strong relationship with Carrie Schreiber who is filling Aileen's position. We would say good luck to Aileen but with her experience, knowledge, and achievements, she will certainly make her own luck!

ABOUT BCL

Baltimore Community Lending is a US Treasury certified nonprofit community development financial institution that supports the revitalization and strengthening of underserved Baltimore neighborhoods through innovative and flexible financial assistance designed to promote community development. We achieve this mission primarily through lending, a n activity that has leveraged \$180 million to produce 4,025 affordable homes and 450,000 square feet of commercial and community facility space over BCL's 28 year history. To learn more about BCL, visit www.bclending.org.

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