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Board News

After more than twelve years of service on the Baltimore Community Lending Board of Directors including two years as Chair of the Board, Teri Guanarccia will be retiring from her position as a member of the Board with the end of her term as Chair. Since November of 2006, she has served in numerous positions including Treasurer, Secretary, and Chair of the 2015-16 Succession Committee which successively sought a new President and CEO to replace Ruth Louie who retired in 2015. "This is a good time for me to leave and provide room for the next wave of Board members. The organization is in great shape and we have a lot of new energy. This is an exciting time in the history of BCL and while I will miss the organization and the good work it is doing, it is a great time for me to step off." Teri is a partner at Ballard Spahr and recognized nationally for her work in closing tax credit financial transactions related to the financing of affordable rental housing.

Michael Tagg, the Board Vice-Chair will be assuming the responsibilities as Chair of the Board for a two year term. Mike is a Vice President at Bay Bank. He has been a member of the Board since 2012 and is Chair of the BCL Loan Committee. Based on the BCL by-laws the Board will select a new Vice-chair to serve for two years prior to assuming the Chair in 2020.



We are welcoming the addition of Michael Braverman, the Commissioner of Baltimore City Housing, who is joining the Board at the invitation of the Chair and approval by the Board in the September meeting. Mr. Braverman continues the strong relationship that BCL has had with the Baltimore Housing Department over the past 28 years. We continue to be strongly focused on working with Baltimore City Housing to support and strengthen neighborhoods throughout this great City.

Amber Mohr, an Associate at Ballard Spahr LLP has been accepted to join the Board in January. Ms. Mohr has extensive experience in affordable housing development representing and advising developers locally and throughout the country in all aspects of development including obtaining local entitlements, renegotiating loan and financing documents and partnership agreements. Prior to her



employment at Ballard Spahr, she worked at the Baltimore Field Office of HUD closing HUD-insured mortgages for apartment buildings and nursing homes. Prior to being admitted to the bar Amber worked at the local and State level in community planning focused primarily on land use, environmental and transportation planning. "I am excited at the opportunity to combine my personal passion with my career experience to be part of BCL's programs and products focused on revitalization and strengthening underserved Baltimore neighborhoods."

At the same November meeting the Board approved the nomination of Monica Mitchell as a BCL Board member. Monica is Vice-President Corporate and Social Responsibility and Community Relations for Wells Fargo Bank. Monica is a lifelong resident of Baltimore City and graduate of the University of Maryland with a Masters degree from Harvard. Monica has seventeen years' experience in banking and worked with MBNA, and Provident Bank. Her volunteer experience is extensive including Board President of the Lillie May Carroll Jackson Charter School, extensive involvement with Junior Achievement of Central Maryland, LISC, Aspen Institute-Baltimore Workgroup, Baltimore Health Department Business Advisory Group among a number of other community commitments. "BCL is leading the way and serving in a space that is often difficult for banks to be nimble enough to occupy in making development a reality for small business, non-profits and individuals who are invested in using their talents and expertise for equitable development in Baltimore.....I've grown to admire the true character of the organization and board with the efforts to provide creative solutions to the challenges that we face...."



These three new members join a very strong 15 member Board.

Staffing-Loan Administration Coordinator

We continue to increase our business activity and this certainly presents challenges to staff. We are pleased to announce that we have hired Roy Miller to work with our loan officers and business lending initiative to help improve our service to our customers while we also continue to ensure that our record keeping and documentation remains at the highest level. Initially he will work to assist our borrowers in providing the information and documentation that we require, and then working after the loan is approved to shorten the time to close and deploy the funds.

Over the next year we anticipate that Roy will be able to help us improve our data systems to make our process quicker and even more user friendly.

Roy has 25 years in private and non-profit organizations. Most people know him from the work he did at Belair Edison Neighborhoods building one of the most highly regarded and successful housing counseling agencies in the Metropolitan area, or recently as a Loan Officer in the CRA Division of M&T Bank.



He brings a special portfolio of experience and talents since he understands credit,

Statistics

In our recent reports to funders, we reported that in the year ending June 2017, our financing resulted in supporting 88 FTE jobs, and producing 104 units of housing and 19,000 square feet of commercial space. All of this activity was in neighborhoods identified as low to moderate neighborhoods. Additionally, \$396, 192 of the funds we provided as loans was used in providing green energy efficiency upgrades in systems and, appliances. While we are proud of these figures we anticipate based on the number and amount of loans closed and funded that our support will be even greater when our next report is completed in the fall of 2018 for fiscal year 2018 ending in June.



BCL Loan Closings

BCL is participating with City First Bank of DC, N.A. in filling a gap for the financing of a project being developed by a group including Ernst Valery. We are also involved in providing a bridge loan to cover the Historic Tax Credit, which is an integral part of the financing for the project. The St. Michael's Redevelopment is located within the block along Baltimore, Lombard, Wolfe and Washington Streets, all situated in the Washington Hill neighborhood of east Baltimore. The over \$17.8 Million project will feature 37 units of residential apartments and 15,113 square feet of commercial space on 1.15 Acres.

A new loan to Dr. James Haynes for \$1 million was closed. The loan is a Guidance Line of Credit. He anticipates purchasing and rehabbing 7 properties and new construction on an 8 unit rental property. Some of the financing will be converted at completion of the project to a Commercial Mini-Perm with a 5 year term.

Loan Approvals for the Quarter

During the last quarter, we approved \$5.15 million in new lending. These commitments included a \$1.8 million Commercial loan to SoHa Union LLC a mixed use building with 16 residential units and 8500 square feet of retail/office space. Samuel Polakoff and Michael Constantine are the principals. BCL will be in second-lien position to a loan from People's Bank. The State of Maryland DHCD Neighborworks has indicated an interest in participating with BCL on this loan.

We approved a \$500,000 GLOC to Community Solutions to acquire and rehab for sale properties in Park Heights are. Owner Luvon Dungee has extensive experience in that area providing well constructed rehabbed properties. He is working closely with the Baltimore City DHCD Vacants to Value for the identification of properties.

Chase Street Partners, LLC (CSP) was provided a \$500,000 GLOC to acquire and rehabilitate residential properties for resale in for Baltimore low to moderate income (LMI) communities. This is Chase Streets third loan with BCL; their first two loans were approved in April 2016 and 2017 have been completed, homes sold, and the loan repaid. CSP is a minority owned investment firm operated by a group of professionals with backgrounds in financing, accounting, real estate development and public/private partnerships that was founded in February 2015.

The group's desire is to create a better economy of scale, by constructing more than one unit at a time which lead them to leverage a GLOC. CSP will continue to focus on providing turn-key units packed with money-saving, energy-efficient features, while also providing buyers with desirable design features and finishes.

We also approved the two loan participations with City First Bank of DC, N.A. for \$500,000 in

our Commercial Loan product, and \$1 million in a Bridge loan for the Historic Tax Credit for the St. Michael's Redevelopment.

We are also pleased to announce the approval of a loan to Belair Edison Neighborhoods for the acquisition of a new office building for their operation. The neighborhood organization is purchasing a building located on Belair Road from Blue Water Baltimore. The building has a

LEEDS Platinum certification. The \$267,000 loan will allow them to purchase the building, and complete minor renovations. The sale of their existing property as well as portions of several grants will be used to pay down a portion of the loan. We anticipate an early January settlement.



Southwest Partnership/University of Maryland Baltimore Home Ownership

Baltimore Community Lending has been working as a convener of an effort to strengthen home ownership in the seven neighborhoods making up the Southwest Partnership (SWP). Representatives from **organizations including the University of Maryland Colleges at Baltimore (UMB), the Southwest Partnership Baltimore, Live Baltimore!, Maryland Department of Housing and Community Development, the Baltimore Department of Housing, Go Northwest, HomeFree USA, and several banks including PNC Bank are working together to foster home ownership in the Southwest Partnership's neighborhoods.**

When discussion initially began in the summer, UMB announced that they were committed to strengthening the surrounding community and putting more focus and additional financial resources to assist their employees while continuing to help their neighbors.

On January 9, Dr. Jay A. Perman, President of the University of Maryland announced a significantly increased investment of \$1.5 million for closing cost assistance funds **which increases the average amount of investment from \$2,500 per property to approximately**



\$18,500 a property for up to 100 UMB employees to purchase of single family homes in the SWP area. This amount includes a match by the City of Baltimore of \$2,500 per property. University

Spearheaded by Ms. Dawn Rhodes, Vice President for Administration and Finance at the University of Maryland Baltimore, the UMB staff worked closely with Live Baltimore! and Baltimore City DHCD in consultation with Johns Hopkins University to adopt the best practices developed by the Hopkins Live Near Your Work program and

incorporate it into the UMB initiative.

There was a UMB community announcement on January 11. Go Northwest is partnering with UMB to provide on campus home ownership workshops starting January 20. LIVE BALTIMORE! is focusing one of their great Trolley Tours primarily on the SWP neighborhoods on January 27. UMB employees can submit applications starting January 29.

For more information go to www.umaryland.edu/live-near-your-work or sign up for the Trolley tour at LIVE BALTIMORE! <https://www.eventbrite.com/e/the-live-baltimore-trolley-tour-winter-2018-tickets-39658822606> or check out the notice at <https://youtu.be/K3bjNIZw5JE>

As part of this home ownership effort, BCL is continuing to work with SWP to coordinate local realtors and developers to identify and market properties in the seven neighborhoods to UMB employees at an all-day event tentatively scheduled for March 24. For more information please check the southwestpartnershipbaltimore.org website.

Small Business Update

After weeks of exploring the finer points and reviewing every detail, the Baltimore Business Lending (BBL) board decided on a software package to support the BBL program. LendingFront, selected due to its comprehensive yet intuitive programming, is an end-to-end program that will facilitate BBL's small business lending from inquiry and origination through closing and servicing. Over the next couple of months, LendingFront will be working with Director of Small Business Lending, Bonnie Crockett, to customize the program, automating and implementing the process that BBL has created to make small business lending consistent, accurate and precise among all participating lenders and technical assistance providers.

In the meantime, BBL has joined AEO (Association for Enterprise Opportunity), a national nonprofit organization formed to create economic opportunity for underserved entrepreneurs. As a member of AEO, BBL will join AEO's new Tilt Forward initiative, a Customer Referral Management

program that puts small businesses together with small business lenders, improving access to capital for millions of entrepreneurs throughout the country. As a Tilt Forward participant,



entrepreneurs in Baltimore City who are looking for loans through the AEO program will be connected to BBL. The new initiative, rolled out in November 2017, is currently supported by J.P. Morgan Chase and Woodforest National Bank.

Also in November 2017, BCL was awarded a \$150,000 grant from Bank of America for the purpose of supporting a Women-Owned Businesses loan program. The bulk of the grant will be used to buy down the rate charged for small business loans to woman entrepreneurs, which will be made at an interest rate that is 2% below the rate that BBL is charging for its other products. In early 2018, BBL will be applying for a loan of \$1.5 million from Bank of America to use as capital funding for the women-owned businesses loan program.

All of these new initiatives are expected to come together for the official launch of the BBL program, slated for March 2018. Be on the lookout for an exciting roll out event to be announced shortly with entrepreneurs, small business lenders and business advocates from across the city and state.

Electronic Signatures

As part of our efforts to make our systems more user friendly for our borrowers, we have been able to provide to our customers the option to use an electronic signature to approve their draw requests. In recognizing that many of our clients need to quickly receive payment for the work that



they have completed we have worked to allow them the opportunity to certify the completed construction draw requests electronically versus having to come into the office to sign the documents.

Once signed, the paperwork goes to our accounting office and payment is wired to the customer's account within 4 to 8 business hours. Ned Fields, the BCL Construction

Specialist spearheaded that change and continues to teach our customers how to use it on their computers and/or I-phones.

BCL Introduces our "On Line" Application

We have completed and uploaded a fillable application on our website. We upgraded our software and now have the template for our existing application live to allow our customers the ability to complete the application on line.

When a customer wants to meet with BCL to discuss a potential transaction, we ask them to complete a brief questionnaire so that we have a better idea of what the discussion would be and what resources we need in order to have a preliminary "cup of coffee" discussion. Once we have had that discussion and when our customer is ready to proceed with an application that is now be

available electronically. The application is hosted on our Citrix platform which ensures that the information will be protected.

This is part of what continues to be a move towards what we are calling the "kindle, gentler" BCL. Over the next year we expect to have several more announcements of labor saving changes and processes to improve our service to our customers.

BAAHBC

The efforts to create the Baltimore African American Home Builders Cooperative is continuing.

The organization has now received their 501C3 designation. The organization is incorporated, and they are presently accepting applications for a Director. Emerge, has been selected as the first master contractor and is presently looking to identify and begin negotiations with sub-contractors.

Al Pina who has been successful in the development of a model which brings equity back into the community is working with the existing organizing committee including Diane Bell Mcoy , Executive Director of Associated Black Charities, Lawrence Campbell of Wayland Village, Danise Jones-Dorsey of NEHI, Gary Rodwell of Coppin Heights CDC, and Wanda Best from the Upton Planning Council to ensure that the initiative progresses. The organization expects to work with 20 to 30 CDC's within Baltimore and potentially African American for profit developers.

The concept is very straightforward: acquire properties that have been foreclosed in communities in the metropolitan area that have a strong homeownership market, rehab, and sell and bring the equity back into Baltimore to support a self-sustaining organization created to mentor and train African American Community Development Corporations as well as provide them access to capital that they could ultimately use to complete the development of properties in their own neighborhoods. The organizations that have been working with Mr. Pina include the National Community Stabilization Trust, FNMA, and FHLMC. This is being done while not relying on government funding.

Baltimore Community Lending has applied for capital from PNC, and Wells Fargo. BCL has also been in discussions with Bank of America (BofA) and has submitted initial information to the B of A CDFI group in anticipation of completing an application for capital. The initial goal is to raise \$5 million which BCL will lend to the BAAHBC in a revolving loan.

Loan Repayment

In 2008 Baltimore Community Lending made a loan to James H. Nicholas Joubert, Inc. This was an outstanding project which the State of Maryland induced the Oblate Sisters of Providence Inc. to construct in order to provide residential child care services for low income abused, neglected or abandoned male and female children in Baltimore. The multiple year contract from the State agencies of DJS and DHR was in recognition of the Sisters' demonstrated success in providing support and assistance to those youth. The children were in need of outside intervention to help them overcome the effects of these conditions including potentially poor means-end reasoning, immature emotional control, depression and rage so that they could become successful adults.

After the State cancelled the contracts in 2010 due to an abrupt change in policy, there was no other use for the buildings and therefore the loan was in jeopardy of going into


default. Initially the loan was in excess of \$500,000. The Oblate Sisters did an outstanding job of paying off the loan several years before it was due. Sister Mary Claudina Sans is the representative for the Oblate Sisters of Providence and is justifiably proud that they successfully completed their obligation under the loan.

It goes without saying (but we will) that when an organization has the integrity to fulfill their contractual responsibilities even in light of a third party precipitously pulling their support, it speaks volumes to the character and responsible mentality of a group of dedicated professionals that are so successful in helping challenged youth find the right path to adulthood. We need more of these types of services and programs run by people who practice what they preach!

<https://facebook.com/baltimorecommunitylending>

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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