POTENTIAL NFC EXPANSION TO CEDAR RAPIDS DISCUSSION

NFC Des Moines has been providing technical assistance to the community of Cedar Rapids as they work to establish an “NFC” entity in their community. In January 2017 we began to explore the possibility of NFC DSM expanding to Cedar Rapids.

What are the Benefits?

- The benefits to Cedar Rapids are expertise, an experienced staff and leadership team, access to capital through NFC’s agreement with Fannie Mae and as a Community Development Financial Institution (CDFI).
- The benefits to Des Moines are the opportunity to increase lending and bring our operations to scale - increase support staff and further streamline processes. NFC’s ability to continue to access low- or no-cost lending capital through NeighborWorks and US Treasury will require expanded lending.

Benchmarks Set by NFC DSM

- Based on the assumption that Cedar Rapids lending is approximately 50% of Des Moines lending, Cedar Rapids will need to cover a cumulative operating loss of $623,000 during the first three years of operation. An $8 million lending pool needs to be raised, and at least $2 million in subsidy funding needs to be available from local government.
- NFC DSM has said that the Board of Directors will vote on expansion once there is $8 million in commitments for the lending pool and $375,000 has been raised for the first year operational loss and the funding sources of the remaining loss have been identified.
- As of January 31, 2018, Cedar Rapids has commitments for $5.75 million for lending and $307,500 for operations. The City of Cedar Rapids has committed $1 million and an additional $1 million is in the proposed budget.

Proposed Structure

- NFC CR would be a subsidiary of NFC DSM. This would allow the current Board of Directors to maintain control and protect the assets of NFC DSM. There would be customer-facing staff in Cedar Rapids, but the management team and back-office staff would remain in Des Moines.
- Cedar Rapids would have an advisory board and non-voting representation on NFC’s Board for at least the first year or two of operations.
- Lending and Loan Programs would mirror NFC DSM’s guidelines.