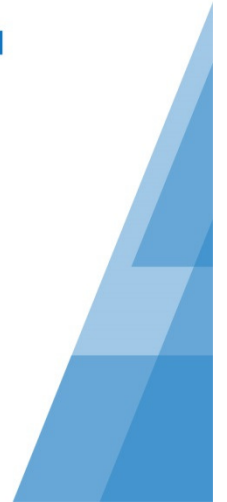


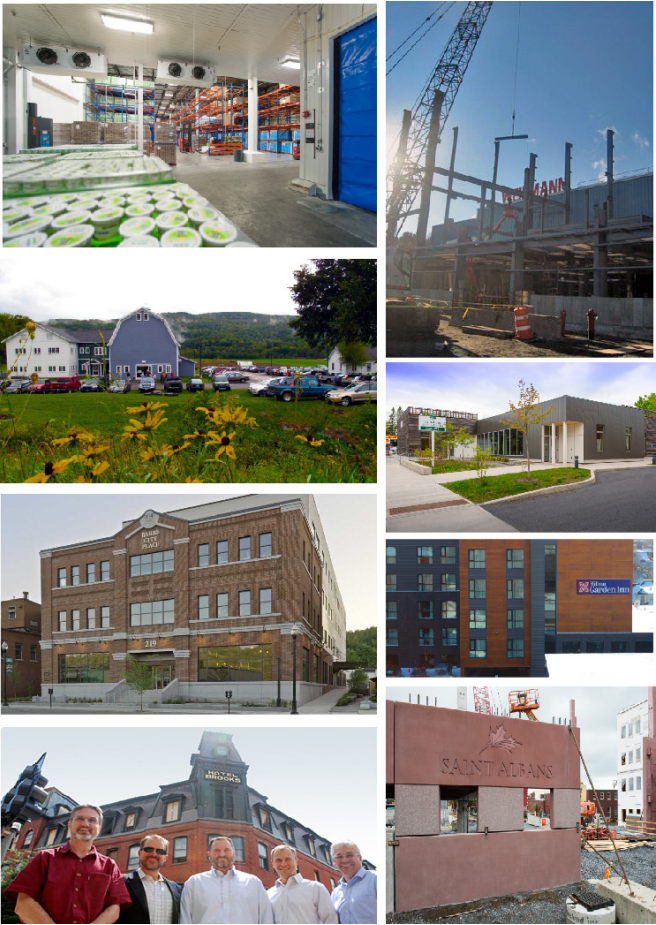
**NMTC DOES NOT HAVE TO MEAN
'NEW MYSTERIES TO CLARIFY'**

white + burke

**VERMONT
DEVELOPMENT
CONFERENCE**



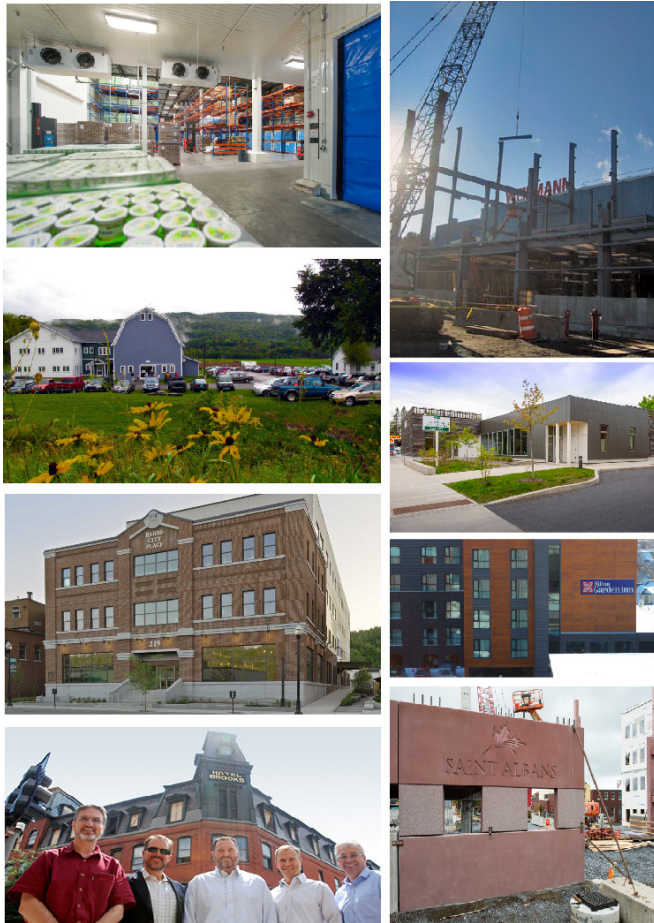
New Markets Tax Credits



VERMONT
Rural Ventures

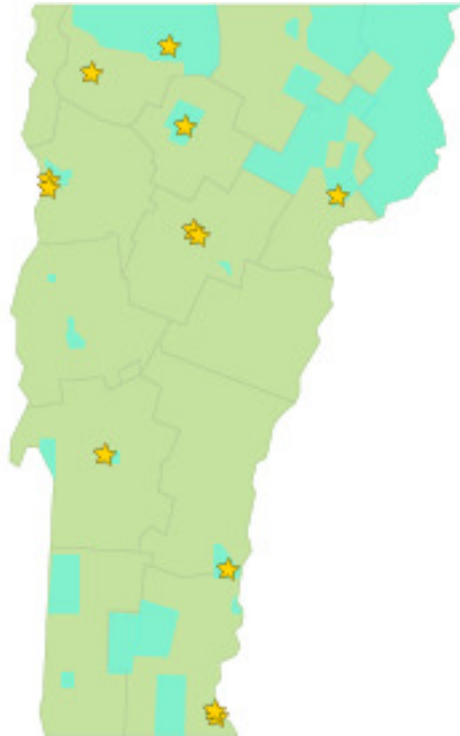
The community development
subsidiary of Housing Vermont

New Markets Tax Credits



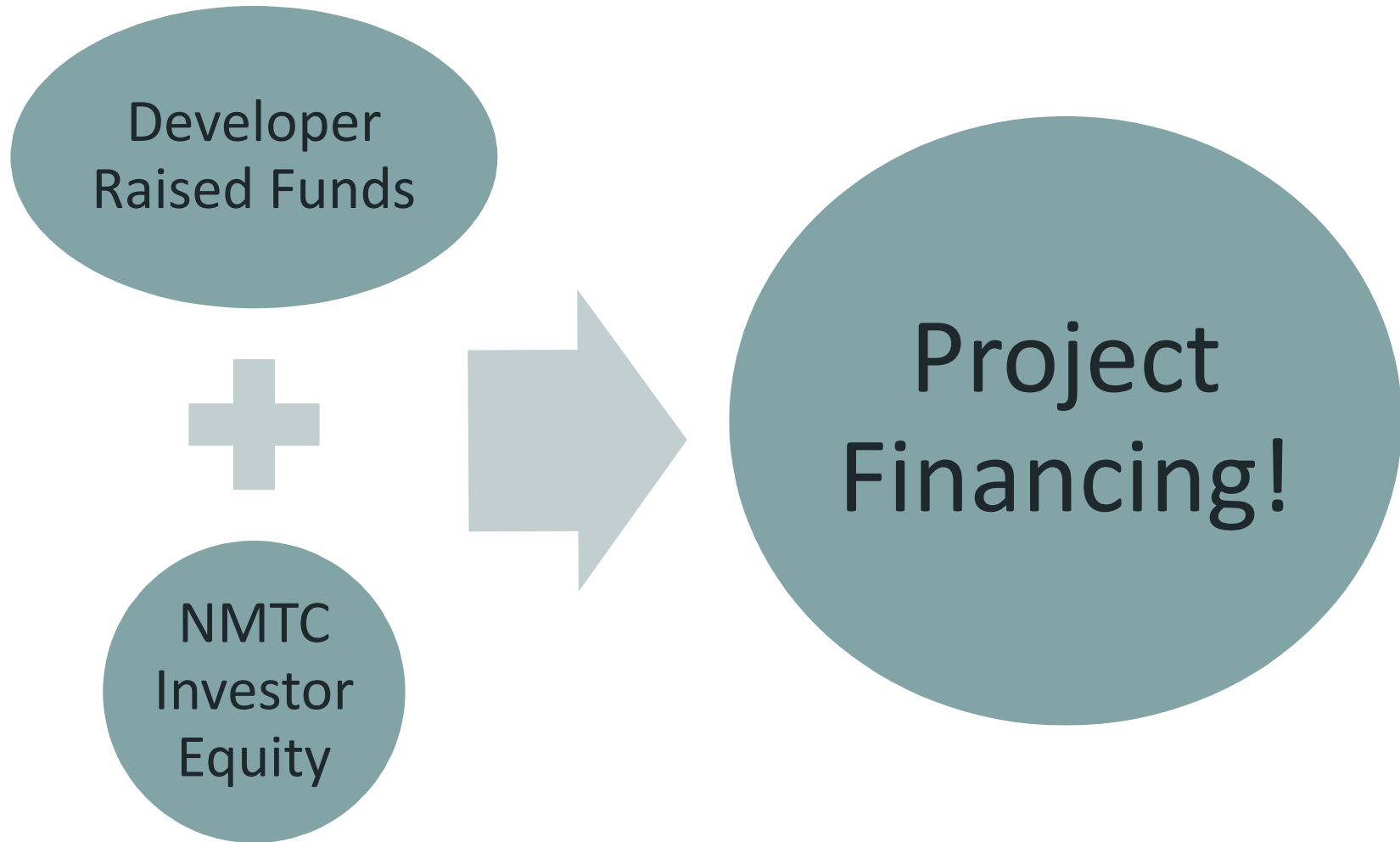
- Incentivize Private Investment
- Create Jobs & Materially Improve Lives
- ***Community Return > Financial Return***
- Investor → Federal Income Tax Credit
- Project → Subsidy

Vermont Rural Ventures



- Vermont CDE 7 years
- 13 Projects
- \$105 Million Financing
- \$8 Million Average
 - Real Estate
 - Non-Profits
 - Businesses & Manufacturers

Benefits

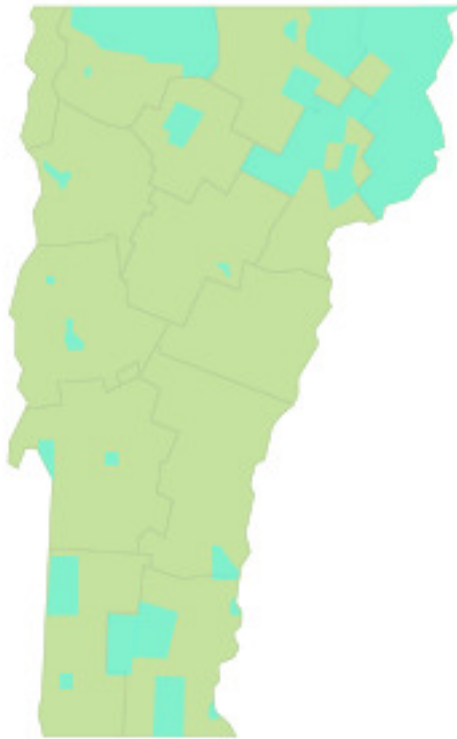


Benefits



- Patient, Low Cost Capital
 - Interest only 7 years
 - Below market rates
- Flexible Terms
 - Subordinate position
 - High LTV
- Equity Like Capital
- Favorable Benefit at Unwind

Eligibility



- Qualified Low-Income Census Tract Location
- Majority Property Revenue - Commercial – Not Residential
- Substantial Property Improvements
- No Sin Businesses

*****Highly Competitive*****



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Martin PLLC

Business Sense • Legal Ingenuity

November 4, 2015

New Markets Tax Credits
Second Annual Vermont Development Conference

This is a NMTC Project



This is a NMTC Project



This is a NMTC Project



Leverage Lender

- Local, regional or national lender
- May include senior and junior debt
- May consolidate grants and other funds

NMTC Investor

- Recipient of NMTCs
- Provides project funds through equity contribution to Investment Fund



QALICB Rules

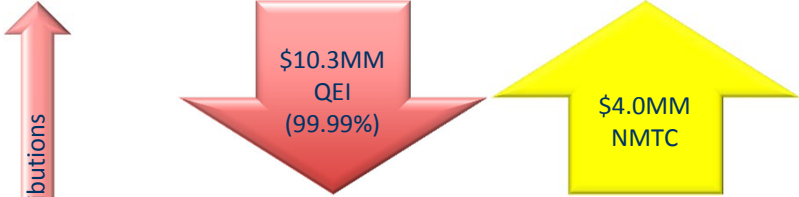
- Must be in a NMTC-eligible census tract (poverty \geq 20% or MFI \leq 80% area MFI)
- Residential rent \leq 80% of revenue
- Typical projects: Mixed-use (commercial/residential) property, manufacturing, hotels and hospitality properties, and community centers, etc.

Investment Fund

- Special purpose vehicle
- Borrows money from Leverage Lender
- Wholly-owned subsidiary of NMTC Investor

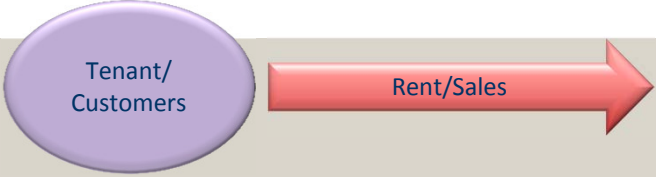
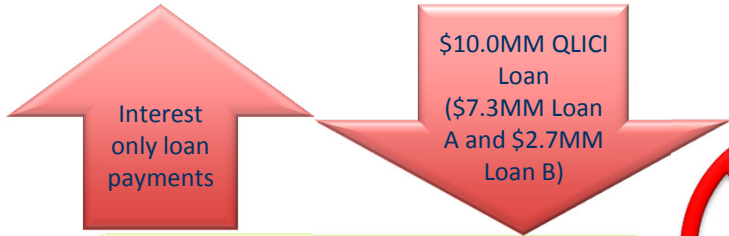
NMTC Notes

- Assume \$10.0MM project
- Assume 20-25% grant-like subordinate debt
- QALICB can be profit or nonprofit entity
- Collateral and forbearance issues are unconventional



CDE

- Obtains NMTC allocations
- Provides investment capital for QALICBs
- Receives allocation, asset management and exit fees from QALICB



QALICB

- Operating Business/Borrower



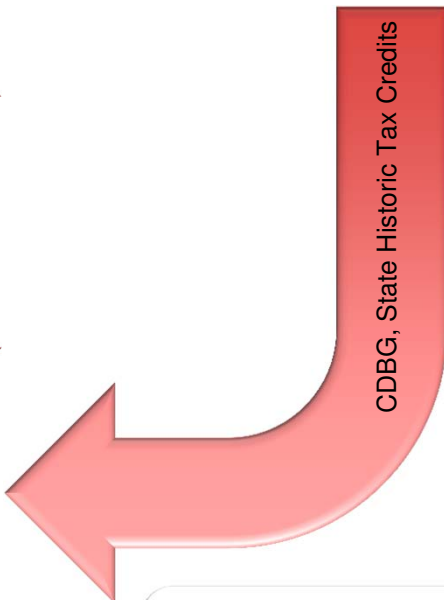
Senior Debt
Secured by non-project assets and Fund loan and collateral

Junior Debt
VEDA or other typical subordinate lender

Preferred Equity
Individual or group self-directed IRAs

Philanthropic Debt
Community funding

Grant Funds



Intermediate Leverage Lender
Sponsor entity which may consolidate funds from senior debt, junior debt, grants, revolving loans, common and preferred equity, self-directed IRAs and other sources.

NMTC Investor
• Recipient of the NMTC
• Provides project funds through equity contribution to Investment Fund



Investment Fund
• Special purpose vehicle
• Borrows money from Leverage Lender
• Wholly-owned subsidiary of Investor



Obtaining a NMTC Allocation for Your Project

- NMTC allocations are an extremely finite resource, and can only be used in qualifying census tracts.
- Be creative, and always keep in mind the following:
- “Quality” job creation and retention.
- Economic revitalization and downtown redevelopment.
- “Catalytic” or transformative community impact.
- The “but for” test.

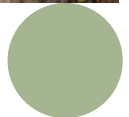
Building the Project Capital Stack

- Consider all sources of funding.
- VEDA, VCLF, CDBG, RD, local and regional economic development organizations, ect.
- “Twinning” of HTC and LIHTCs.



Reaching a Successful NMTC Closing

- Work closely with the CDE and their advisors
- Experienced NMTC legal counsel, a must.
- Experienced Lenders and Investors.
- Lenders need to be able structure financing with a 7-year forbearance period, the redeployment of foreclosure proceeds during compliance period and the lack of direct collateral.
- Patience.



QUESTIONS?

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