



CALIFORNIA ECONOMIC DEVELOPMENT LENDING INITIATIVE

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WORKING CAPITAL INITIATIVE FOR COMMUNITY NEEDS

Background on CEDLI and the Working Capital Initiative for Community Needs

CEDLI, the California Economic Development Lending Initiative, is a multibank community development corporation established in 1995 to increase access to capital for small businesses and nonprofit community organizations throughout California. CEDLI's mission is to create jobs by providing financing to small businesses and community organizations involved in community development and revitalization activities which fall outside of normal bank lending practices. Its shareholders include 43 financial institutions and five corporations that are investors in CEDLI and have committed funds in excess of \$43 million to provide financing to its target markets. See list of investors on the following page.

Funded by The David and Lucile Packard Foundation, the CEDLI Working Capital Initiative for Community Needs provides accessible and affordable short-term working capital for qualified eligible nonprofit organizations operating in the child care and health fields to address their short-term cash flow needs. Under the Working Capital Initiative for Community Needs, CEDLI provides short-term financing to qualified nonprofits for either a) specific government contract expenditures eligible for reimbursement or b) specific grants receivable from identified public or private funding sources. Combining loan capital with technical assistance and financial expertise, the goal of the CEDLI Working Capital Initiative for Community Needs is to pioneer a statewide market in California for the financing of short-term working needs for creditworthy nonprofits.

Summary of Terms

- Loan Amount: Up to \$500,000 in an annually renewable Revolving Line of Credit.
- Availability: Available in advances with maturities of ranging from 30 days to a maximum of 180 days.
- Advance Rate: CEDLI will finance up to 80% of the amount of eligible contract or grant receivables.
- Collateral: UCC 1 general lien on organization assets. Assignment of contract and/or alternative collateral to be sought on a "best efforts basis."
- Interest Rate: One Percent Below Wall Street Journal Prime Rate.
- Repayment Terms: Advances repayable at maturity; structured to match expected cash flow from specific contract receivable or specific grant receivable being financed.
- Loan Fees: 0.5% to 1.0% of the Revolving Line of Credit Amount, payable upon signing of Loan Agreement.

Borrower Eligibility

- Target Borrowers: Nonprofit child care providers and child care facilitators (including resource and referral agencies, pre-school, after-school) and community health clinics.
- Tax Status: Tax-exempt, charitable organization under Section 501(c)(3).
- Time in Business: Minimum of three years of successful operating history.
- Financial Criteria: Positive net asset position or net fund balance; 1 year projected operating budget demonstrating debt service capacity.
- Service Delivery: Quality service delivery with favorable references from public agency or source of grant support that is source of repayment of advance(s) under Revolving Line of Credit.
- Management: Stable, experienced, competent management; governance from board of directors.

Application Process

If you are eligible to apply for a CEDLI loan based on the criteria described above, or you would like more information about the Working Capital Initiative for Community Needs, please contact one of our regional offices: Northern California, Clinton Etheridge, Vice President, (510) 267-8992. Southern California, Mark Sullivan, Vice President, (619) 756-7000. Statewide, George Williamson, President, (510)267-8997.