LENDING PROCESS

Phase I – Lending Officer Analyzes Application

- Application received and accepted
  - Determination of qualified entity and qualified project
  - Determination of legislative authorization, if applicable
  - Determination of MHI (for PPRF pricing purposes)

- Analysis of revenue to support the loan
  - Examine three year history of revenue (or longer as appropriate) and, for enterprise funds, examine nature of expenditures
  - Review existing debt
    - Debt service
    - Loan covenants
  - Determine term of loan
    - Useful life of project (maximum term cannot exceed useful life)
    - Request from Applicant on term of loan
  - Determine debt service coverage

- Analyze management strengths and weaknesses, industry trends, market conditions, etc.

- Determine value of collateral, as applicable

- Structure of proposed loan
  - Determine lien position
  - Determine on-going loan covenants

Phase II – Review and Approval

- First review by Chief Lending Officer
- Second review and recommendation by staff Credit Committee
- Third review and recommendation by appropriate Board Committee
- Fourth review and approval of proposed loan by the NMFA Board of Directors

Phase III - Closing and Post Closing

- Counsel drafts loan documents and sends to NMFA and Applicant for review
- Review by Lending Officer and applicable Loan Servicer
- Set final interest rate
- Close
- Monitor