

LINKED DEPOSIT FUND

POLICIES AND GUIDELINES

I. Program Purpose:

- A. To promote partnerships between public and private sectors and community-based nonprofits;
- B. To bring more resources to community-based organizations that help create housing, economic development and commercial revitalization;
- C. To encourage socially conscious organizations, institutions, individuals and agencies to contribute to deals by investing in benevolent deposits (i.e., low-interest certificates of deposit); and
- D. To make it viable for financial institutions to lend to community-based developers and low- and moderate-income people.

II. Eligible Applicants:

- A. In order to apply to the program an organization must meet all of the following minimum requirements:
 - 1. Must be a member of the Finance Fund;
 - 2. Prior to the date of application for funds, be incorporated as a private, nonprofit organization with the Secretary of State of the State of Ohio under Ch. 1702 of the Ohio Revised Code, and be granted **501 (c) (3)** status by the Internal Revenue Service;
 - 3. Established to meet the needs of low- and moderate-income (LMI) communities, neighborhoods or target areas: LMI is defined as 80% and below the area median income as set forth by CDBG/Section 8;
 - 4. Have a Board of Directors that represents and is accountable to the neighborhood or community it serves. The **Board must be comprised of at least one-third low-and moderate-income (LMI) neighborhood residents**;
 - 5. Show evidence of **capacity to raise funds and manage resources**;
 - 6. Have a **development focus** as evidenced by the applicant's Code of Regulations and experience that indicate the organization's purpose and focus to be specifically related to economic development, housing, commercial revitalization, or energy conservation; and the development of space to house the organization's administrative offices or functions cannot exceed 25% of the total development space, i.e., total square footage;
 - 7. Linked deposits must be placed in existing financial institutions, located in Ohio;
 - 8. Nonprofits must be connected substantially to the project throughout the term of the linked deposit; and
 - 9. Applications for use of a linked deposit in a Low Income Housing

...community development through the power of partnerships

Tax Credit (LIHTC) project must show evidence of the award of tax credits for the project.

10. All applicants must consult with Finance Fund staff prior to the submission of an application.

III. Priorities & Guidelines:

- A. Rates and terms of linked deposits will be determined by the Finance Fund;
- B. Eligible project types are housing construction and rehabilitation, commercial revitalization, and economic development. No priority shall be given for eligible project type. Financing of rolling stock is not eligible.
- C. The underwriting of applications for housing projects will give priority to projects that (in no particular order);
 - 1. address permanent supportive housing
 - 2. address preservation of Rural Development or HUD Section 8 housing
 - 3. address preservation of historic property through the use of historic tax credits
 - 4. address issues of affordability indicated by project rents compared to local levels of affordability
 - 5. address Housing Development Assistance Program (HDAP) programmatic difficulties
 - 6. address some other compelling argument related to the need for a linked deposit
 - 7. have commitment from a benevolent deposit partner willing to participate with the Finance Fund in addressing the needs of the project
- D. Non-housing projects must show the economic benefits (in no particular order);
 - 1. jobs for LMI residents
 - 2. revitalization of real estate that is key to further development of the neighborhood/community
 - 3. the capture of income stream that would be exported
 - 4. other evidence of a net gain in the economics of the community
- E. Linked Deposits are made with lending institutions for the benefit of nonprofits, limited partnerships, or other corporations substantially related to the nonprofit applicant.

AWARD OF A LINKED DEPOSIT IS NOT A PREREQUISITE FOR APPLICATION TO ANY OF THE OTHER FINANCE FUND PROGRAMS NOR IS IT AN ASSURANCE OF ACCESS TO THOSE PROGRAMS. APPLICANTS FOR THE LINKED DEPOSIT FUND MUST BE MEMBERS OF THE FINANCE FUND.