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This newsletter is part of our continued communication with our customers, friends, and supporters. We are committed to let the community know what we are doing and how we envision our role in this effort to make Baltimore a great place to live and work. We hope you will appreciate our excitement and that this communication will help further your work in supporting Baltimore's growth.

Baltimore Community Lending Moves



Artistic Rendering of the New Space

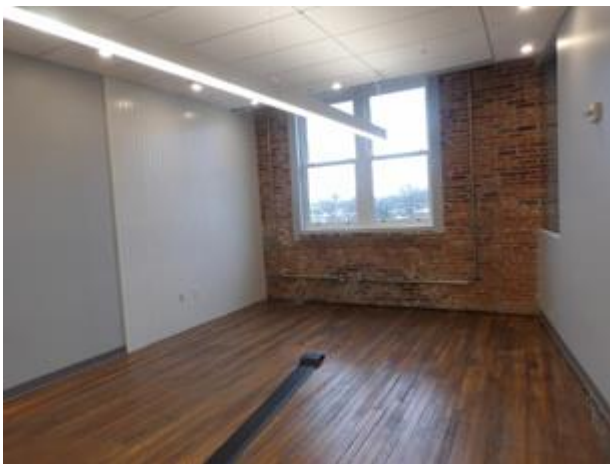
After twenty eight years in downtown Baltimore City, Baltimore Community Lending is moving to the Poppleton neighborhood in Southwest Baltimore. We are renting offices in the historic Lions Brothers building at 875 Hollins Street at the corner of Hollins and Poppleton Streets. The building is being developed by Cross Street Partners and totals 38,000 square feet. BCL is renting 3,000 square feet. The lead tenant is Enterprise Homes and other tenants include a bakery and cafe, UMBC's Intermedia and Digital Arts graduate program, and the University of Maryland Baltimore (UMB). BCL will also be subleasing space to staff from UMB.

Financed by New Markets Tax Credits and Federal Historic Tax Credits from US Bank, loans from the Reinvestment Fund, State of Maryland and the Southwest Partnership, and Maryland Historic Tax Credits, this project is an excellent example of how new development is stabilizing neighborhoods. Building off of the economic engine of the University of Maryland and the Bio Park, the transformation in that neighborhood with new jobs, rehabbed housing and private sector investment has been transformative.

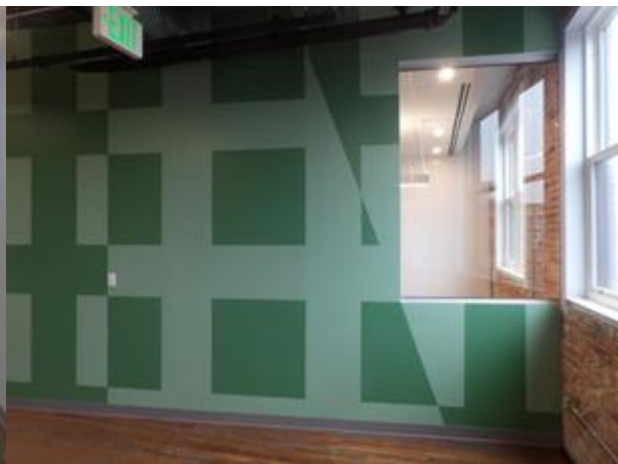
Mike Siepp Executive Director of the Southwest Partnership stated, "We welcome BCL to the community and the resources that they can bring to support the efforts of our member neighborhoods." And BCL is excited to be part of this effort!

BCL's move from the SunTrust building in downtown Baltimore will make it easier for our customers with ample parking in the area. It also confirms our commitment to neighborhoods undergoing efforts to strengthen and stabilize.

Effective February 1, our new address will be 875 Hollins Street Baltimore 21202 Suite 301.



Future Meeting Room



Entry Area With the BCL Super Graphic

Baltimore Community Lending Board of Directors



Nichole Doye-Battle, Chief Executive Officer of the Govans Ecumenical Development Corporation (GEDCO) in North Baltimore was recommended and approved at our November Board meeting and will be starting her term in January. Ms. Battle has been involved in development and banking including Penrose Properties, Enterprise Social Investment Corporation, and Bank of America CDC. She is also very active in a number of other civic and philanthropic organizations throughout Baltimore City.

Also nominated and approved by the Board in November is Christopher Rockey, Greater Maryland Market Manager, and Community Development Banking at PNC Bank. Chris has seven years experience in Pennsylvania and Maryland in Community Development Banking. This experience followed a decade of sales management experience. Chris also served 8 years in the United States Navy. We welcome Chris and appreciate his time since he has served on numerous civic and community Boards and brings a wealth of experience and proven ideas.



As excited as we are with the addition of these members, it is tempered by the decisions of three long term Board members to not renew their positions on the Board.

Our longest serving and most "patient" Board member is Patrick Tehan. Pat is Senior Vice-President at PNC Bank. He has been a stalwart while serving at BCL for 26 years. He chaired the Board Loan committee, and is a strong advocate and constant guide and conscience of BCL and its predecessor CDFC. He had given his time, expertise, support and extensive lending and portfolio management experience to further the organization in its mission to provide capital to strengthen the many neighborhoods throughout the City. During his tenure BCL has lent over \$170 million and assisted in the development of 3400 units of housing and financed the production of thousands of square feet of commercial and community space.

Mike Walton has been an outstanding support and financial advisor to BCL for over ten years as a Board member. While he will be sorely missed, he will continue to provide his ideas and guidance for the success of the Equity Partnership Initiative. Mike is the Managing Principal at THA Advisory Services and while his business has grown and he must allocate more time to THA, he remains committed to assisting BCL provide capital to strengthen and grow Baltimore.

Ruth Louie, who retired as President in June 2015, will end her tenure as a Board member in January 2017. This will complete 14 years of service to BCL and an amazing stewardship of the organization as it evolved from the Baltimore City CDFC to a U.S. Treasury certified Community Development Finance Institution.

Financial News

BCL Finishes the Year with \$9.9 Million in Loan Commitments

Due to some outstanding work by the BCL lending team, we are proud to announce that we approved \$9.9 million in new lending in Calendar year 2016.

In the second half of this year we approved and closed a \$1 million Guidance Line of Credit (GLOC) with Baltimore Redevelopment, a development company rehabbing properties in East Baltimore and Greenmount West communities. The loan helped the corporation reposition their finances by refinancing them out of a "hard money" loan into a BCL GLOC with more favorable rates, and local support.

We also approved another \$1.8 million for Amity House LLC which helped to reposition and preserve 15 units of housing for families with low income in the Poppleton community. Another \$1 million was committed to Harlem Gardens to assist them in purchasing and maintaining a 120 unit building for the elderly with low income in West Baltimore.

We are proud to assist HomeFree USA with a \$1 million GLOC commitment to finance the rehabilitation of various properties being rehabbed in neighborhoods such as Pigtown in Southwest Baltimore, and Govans on the East Side.



4408 Maine Avenue



513 McCabe Avenue

St. Ambrose is rehabbing and repositioning a portion of their rental portfolio with a \$500,000 loan.

Another project is a construction and mini-perm for the Yalcin Group a new

developer who is rehabbing a property on Charles Street. It is a mixed use property with residential rental and a space for a commercial retail tenant.

BCL Transitions Financial Operations



George Culbertson served as our Controller for almost two years. George left our employ in June of 2016. We were fortunate to be able to elevate Susan Kelly who has been our bookkeeper and servicing manager for the past 6 years to take on the responsibility to manage the fiscal operations of BCL. With loans for capital from six institutions, complex construction and mini-perm notes, and required reporting to our fiscal partners and the Federal Government, the volume of work is varied and complex. We are proud to report, that our annual financial audit performed by Ellin and Tucker went well

indicating that the work of George and Susan ensured that we operated a prudent fiscal operation

We also have hired C.S. Scholtes and Company to provide accounting review and back-up. With extensive experience with non-for-profits, and experience with another CDFI, we felt that having this additional support and another set of professional eyes would help to strengthen our activities going forward and continue our strong internal control processes.

Pat Clements is now performing the work of our Servicing Manager in addition to the work managing the daily activity of BCL.

We put out a Request For Proposals for auditing firms to bid on the opportunity to be our auditor for the next three years. We are reviewing the 4 responses that we received.

Banking Partners

We are proud and excited to announce an expansion of a banking relationship. In a move to potentially save up to \$5,000 a year in operating expenses, we are pleased to

announce that we have moved our operating account to BB&T. They are providing a very competitive interest rate for the account which will result in reducing the expenses we had experienced in the past.



Sean Russell pictured with Aileen Mackall and Eric Thompson of BB&T

In a separate action, BCL was awarded a grant of \$75,000 by BB&T at the completion of a guided competition in cooperation with the Opportunities Finance Network. Five organizations competed for grants ranging from \$25,000 to \$75,000. These funds will be used to secure software and hire a staff person.

As part of their continued strong commitment to strengthening Baltimore, BB&T also increased their capital investment to Baltimore Community Lending from \$500,000 to \$1,000,000. We continue to deploy more funds throughout the City for construction financing and assisting CDC's purchase properties, and these funds not only emphasize BB&T's commitment to BCL but more importantly their willingness to support the efforts to grow our City by ensuring access to capital!

We also are proud to announce a new relationship with First Mariner Bank. "Your Hometown Bank" has made the decision to provide additional capital to strengthen our loan fund and increase their investment in strengthening neighborhoods throughout the City of Baltimore. A \$500,000 loan was closed between BCL and First

Mariner on December 21, 2016. It will be used to continue to finance the development of affordable housing and eliminating blight.

Changes to Our Staff

The Board of Directors approved a recommendation by BCL President Bill Ariano to grant the following new titles.

Effective January 1, Sean Russell will be a BCL Vice-President and Senior Lending Officer. With almost forty years in banking and real estate development experience, Sean is a tremendous asset to BCL and to the customers he assists. His knowledge of financing, understanding of development and steady hand has helped to increase our activity



which improves our ability to be self-supporting. He also spear headed the work that BCL did in the development and submission of a proposal to BB&T for the Baltimore Better Building Small Business Initiative.

Also taking effect in January, Deirdre Pressley was promoted from Lending Officer to Assistant Vice-President. Deirdre has experience in neighborhood development, coupled with a very sound understanding of financial transactions. Her lending experience is the result of fourteen years of financing experience, including twelve years at a national CDFI where she provided financing for development in rural America. With her strong community experience, she brings another set of tools and sensitivities to Baltimore Community Lending.



Both Sean and Dierdra earned this recognition due to their professional competence and outstanding work this past year.

Pat Clements is now our Operations Administrator with broad responsibilities which includes our loan set-up and portfolio servicing, billing, deposits, management of our

office activity including phones and computers, and responsibility for supporting our Board and various Committee activities.

Finally, Frank Coakley has been the Interim Chief Lending Officer since he joined staff in August of 2015. Frank is no longer "Interim". We have previously explained his history as the first leader of BCL, his work at Maryland National Bank, FNMA, and two terms as Assistant Secretary of the Maryland Department of Housing and Community Development and Director of the Community Development Administration. His leadership and strong relationships have been instrumental in the renewed lending activity at BCL. Therefore, Frank is our Chief Lending Officer.



Small Business Initiative

In the next several months BCL will be announcing a new product for credit worthy emerging entrepreneurs who lack equity. After a series of meetings with up to 46 participants, there were several challenges that were identified as significant impediments to stimulating the local economy. These included a lack of a clear and efficient protocol for communication among potential lenders, the costs associated with the administration, securing capital and servicing micro loans, and the lack of equity and collateral for small business entrepreneurs.

If there are going to be responsible, sustainable programs that allow for a

greater access to capital at levels that could bring about a constructive shift, the systems and the costs associated with this type of lending have to change. the model that we are developing borrows from the efficiencies found in the mortgage lending industry:

- a common platform
- a third party aggregator
- a single source offloaded administrator and servicing to minimize overhead costs to small business lenders
- a comprehensive marketing and referral platform to increase communication between (a) client and lender and/or(b) lender to lender

The common origination platform will result in efficiencies of both time and resources through consistent underwriting, and in the ability to communicate across the marketplace with all the participating stakeholders --technical assistance providers, lenders, and small business borrowers.

We presently have received grants from BB&T (\$75,000) and the Calvert Foundation (\$40,000) to support the initial staffing and start-up.

We will be announcing the opportunity to join the BCL staff to help with this initiative. We will be posting the position on our website and through Constant Contact in the near future.

We would like to thank Jason Kelly for the editing of this Newsletter.

ABOUT BCL

Baltimore Community Lending is a US Treasury certified nonprofit community development financial institution that supports the revitalization and strengthening of underserved Baltimore neighborhoods through innovative and flexible financial assistance designed to promote community development. We achieve this mission primarily through lending, an activity that has leveraged \$166 million to produce 3,877 affordable homes and 450,000 square feet of commercial and community facility space over BCL's 27 year history. To learn more about BCL, visit www.bclending.org.

We are now on Twitter @BC_Lending and are posting more information regularly on our website at www.BCLending.org

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