

New Markets Tax Credits

Building Blocks for Kansas City's Future

Central Bank of Kansas City Loan Pool

Central Bank of Kansas City recently funded a \$6 million loan pool for small business loans in highly distressed census tracts in Kansas City, Missouri. Using part of its \$50 million new markets tax credit allocation authority, Central Bank partnered with an investor to help capitalize the loan pool.

Typically, NMTC leveraged financing structures require at least a \$4 million transaction size and a third-party lender. The \$6 million loan pool will facilitate business financing for smaller sized transactions by offering loans from \$100,000—\$4,000,000 with below-market interest rates and at least four other flexible features (higher loan-to-value ratio, longer than standard amortization and interest only period, lower debt service coverage ratios and lower credit standards), mostly to qualified small businesses.

The loan pool program details include:

- Central Bank of Kansas City, through a subsidiary community development entity, will make various loans to qualified active community businesses in Kansas City, Missouri;
- The loans will have terms as short as one year or as long as seven years, depending on the need of the borrower and Central Bank of Kansas City's underwriting requirements;
- Each loan will meet the terms and conditions of Central Bank of Kansas City's new markets tax credit application, including providing loans with lower-than-market-rate interest and/or five flexible terms and conditions;
- The loans only will be made in highly distressed, low-income areas of Kansas City, Missouri;
- The maximum term for loans is seven years, although most loan terms will be shorter than seven years so benefits can be spread over more transactions.

Small businesses interested in the loan pool program should contact:

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