

New Markets Tax Credits

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Introduction – New Markets Tax Credit Program

What Is It and What Does It Do?

The NMTC Program is jointly administered by the CDFI Fund and the Internal Revenue Service (IRS).

The NMTC Program incentivizes community development and economic growth through the use of tax credits that attract private investment to distressed communities.

The NMTC Program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). The credit totals 39% of the original investment amount and is claimed over a period of seven years.

Introduction – New Markets Tax Credit Program

How Does It Work?

- NMTCs provide a credit against Federal income taxes for investors that make Qualified Equity Investments (QEIs) in certified financial intermediaries called “Community Development Entities (CDEs).”
- NMTCs are awarded to CDEs, not to individuals or businesses.
 - To qualify as a CDE, a domestic corporation or partnership must apply for and receive certification from the CDFI Fund.
- CDEs, in turn, use the proceeds of these QEIs to make Qualified Low-Income Community Investments (QLICIs), such as business loans, in Low-Income Communities.
 - Any capital or equity investment in, or loan to, a “Qualified Active Low-Income Community Business” (QALICB).
 - Purchase of a loan from another CDE if the loan is a QLICI.
 - Any equity investment in, or loan to, a CDE.
 - “Financial Counseling and Other Services” (FCOS) to businesses located in, or residents of, Low-Income Communities (LICs).

Introduction – New Markets Tax Credit Program



New Markets Loan Program - WBCDC

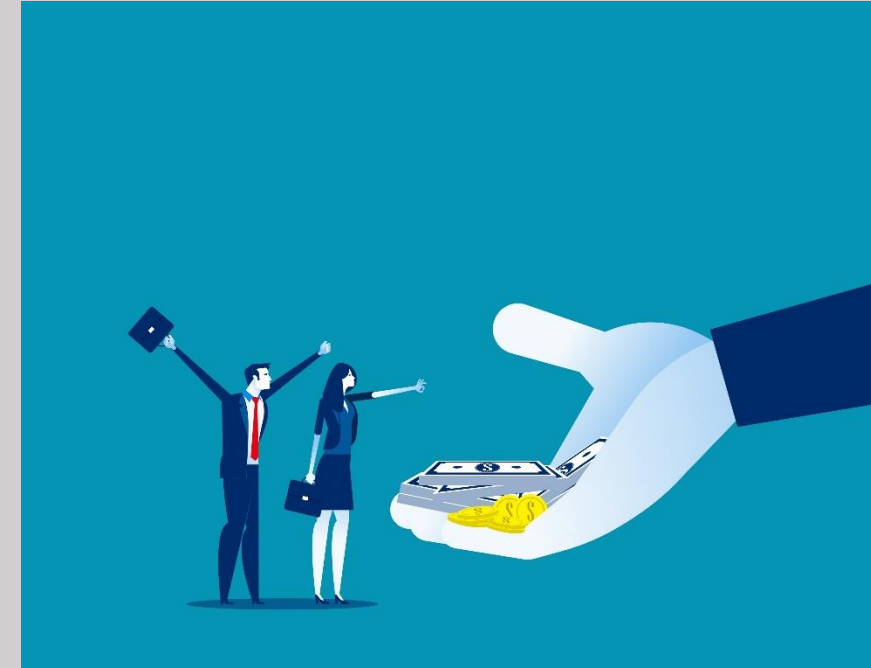
- The New Markets Loan Program (NMLP) is made possible through New Markets Tax Credit (NMTC) allocations awarded to WesBanco Bank Community Development Corporation (WBCDC) by the CDFI Fund. WesBanco's Investment into the NMLP is used to finance businesses and breathe new life into neglected, underserved and distressed communities.
- The New Markets Loan Program helps support development in highly distressed communities in Indiana, Kentucky, Ohio, Pennsylvania, Maryland and West Virginia.
- In the past five years, the New Markets Loan Program assisted in total projects in excess of \$78,100,000, impacting over 1,800 jobs
- Prioritized projects include those in rural counties and underserved states as well as loans less than \$2,000,000. However, we will accept and consider all applications for projects that are located in qualified geographies.
- The WBCDC program makes traditional loans and does not seek investors for projects

2021 Winner



Qualifications for the NMLP

- Business or project must be located in a qualified census tract.
- Create and/or maintain quality and accessible jobs for low-income residents.
- Provide goods and services to low-income community residents.
- Projects that are part of a larger, comprehensive neighborhood or revitalization plan
- Projects that are anticipated to catalyze additional private investment in the area
- Projects that demonstrate a need for NMLP financing
 - What benefit does NMLP financing bring to this project's success (examples: community benefits, need to fill budget gap, inability to obtain conventional financing, inadequate other funding sources available in a timely manner)?



Disqualifications

Projects not located in a NMTC eligible census tract (severely distressed area)

Businesses that perform the following services:

- Massage Parlor
- Hot Tub Facility
- Suntan Facility
- Country Club
- Racetrack or other facility used for gambling
- Sale of alcoholic beverages for off-site consumption
- Development or holding of intangibles for sale
- Private or commercial golf course
- Farming, in certain instances

Other Disqualifiers of note:

- Government entities as borrowers
- Most instances of refinance
- Unidentifiable community impact
- 100% residential projects



Features of the NMLP

- Loan rate of 50% below market (fixed for 7 years)
- No loan origination fees

Other Optional Features:

- Interest-only for construction financing up to 24 months
- Higher than standard Loan to Value
- Non-traditional forms of collateral
- Lower than standard Debt Service Coverage Ratio
- Extended amortization periods –
 - 7 years for non-real estate loans
 - 25 years for real estate loans

In expansion efforts and the low market rate, lack of origination fees and flexible credit terms can assist in allowing the companies to grow faster and on a larger scale, while in revitalization efforts, these same features can allow for financing companies that may struggle in obtaining conventional financing.

(loans remain subject to credit approval)



Loan Amount:	\$199,800
Total Project:	\$224,000
Job Creation:	20
Job Retention:	0
Living Wage Jobs:	65%
Accessible Jobs:	45%

Community Impact:
This project increased capacity of current preschool children from 20 to 100, increasing child readiness for kindergarten in a highly distressed area.

Project/Company Description: The borrower is a preschool that accepts children ages 1-5 with a mission to work with families on early childhood development, as well as provide a quality preschool education to increase the number of kindergarten-ready children in their low to moderate neighborhood. In outgrowing their facility, the borrow needed to purchase a new location to allow them to accept over 75 children to their program, creating 20 jobs.

Purpose of Loan: Property acquisition and renovation

Need for NMLP Financing: The borrower would not qualify for this loan conventionally due to financing 90% of the purchase price. The borrower also needs the low 7 year fixed rate, no origination costs in order to pursue this project.



Living Wage is defined as the Living Wage for 2 Adults and 1 Child based on the MIT Living Wage Calculator for the County in which the Project is located (<http://livingwage.mit.edu/>).
Low Income Accessible Job means a job that is available to individuals who possess a high school diploma or equivalent education.

Loan Amount:	\$1,742,000
Total Project:	\$2,117,000
Job Creation:	71
Job Retention:	20
Living Wage Jobs:	92%
Accessible Jobs:	92%

Community Impact:

This project created a significant number of quality and accessible jobs.

Project/Company Description: The owner has operated the borrowing entity for 15 years in several different facilities, most notably the purchase and renovation to a new facility from residential to commercial use. Financing was used for construction of a retail facility to provide auto service center along with operations of a towing business

Purpose of Loan: Construction of new facility

Need for NMLP Financing: Financing would have proved difficult without the NMLP and the client would have needed to sell a location. It would not be able to cash flow its current facility while doing construction on the new location. Without the NMLP, combined cash flow exceeded bank standards.



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Loan Amount:	\$1,079,500
Total Project:	\$1,285,311
Job Creation:	58
Job Retention:	32
Living Wage Jobs:	100%
Accessible Jobs:	36%

Community Impact:

The borrower provides outpatient alcoholism, drug addiction, mental health and interment services. They currently provide care for approximately 150 patients a week with some of these patients receiving care for more than twelve months. The new facility will allow them to contact approximately 250 patients per week and 13,000 patients annually. This will allow a positive impact on the drug and opioid crisis in the community.

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Project/Company Description: The borrower was remodeling a facility to fit the needs of a new lessee, an outpatient facility whose mission is to support and assist individuals who are experiencing distress in their lives and assist people to recover from substance abuse disorders. The borrower provided a need for the lessee, who will in turn provide a positive impact and service to our community

Purpose of Loan: Property renovation

Need for NMLP Financing: The lower cost financing provided by the NMLP program allows the borrower to provide a reduced lease payment to the proposed tenant; therefore, providing them the ability to greatly expand their program to help curb the opioid epidemic in this area.





WESBANCO BANK COMMUNITY
DEVELOPMENT CORPORATION

Loan Amount:	\$8,000,000
Total Project:	\$8,000,000
Job Creation:	0
Job Retention:	750
Living Wage Jobs:	91%
Accessible Jobs:	49%

Community Impact: The market served has a slightly declining population of approximately 135 thousand. It is also the second poorest county in the state of Pennsylvania. In addition, the Hospital represents the largest nongovernmental employer in the area making it a vital part of the community both from a health and an economic perspective.

Project/Company Description: A large healthcare system was seeking financing for an Electronic Medical Record System installations at a recently acquired community hospital. As part of this acquisition, the community hospital needed to switch electronic medical record systems to the standard platform used across the healthcare system in order to improve patient care across the span of health care services throughout the state of West Virginia and now Pennsylvania.

Purpose of Loan: Purchase and installation of medical record system software

Need for NMLP Financing: The Hospital became operationally and financially distressed in recent years as a result of a failed relationship with another large healthcare system along with the realities of operating an independent, rural hospital in the current healthcare industry. The new relationship will stabilize and enhance the availability of healthcare services in the community and promote the services not otherwise available locally.



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WESBANCO BANK COMMUNITY
DEVELOPMENT CORPORATION

Loan Amount RE:	\$247,500
Loan Amount OE:	\$350,000
Total Project:	\$800,000
Job Creation:	9
Job Retention:	0
Living Wage Jobs:	100%
Accessible Jobs:	67%

Community Impact: 50% of the target population was being underserved by the single competitor in the county. The borrower anticipates providing 12,345 commercial goods and services and 950 community services (in the form of immunizations and medication therapy management) to the distressed community.

Project/Company Description: The borrower is a start up pharmacy offering a variety of pharmacy services including customary prescription provisioning, individual consultations with in-house pharmacist(s), and private counseling for disease state management in a private consultation room. In addition, the borrower provides immunizations, comprehensive medication reviews, and top-notch personal care for patients.

Purpose of Loan: Real estate loan for construction of building. Operating entity loan for start-up expenses.

Need for NMLP Financing: The increased LTV limits on real estate loans as well as the low fixed interest rate allowed the pharmacy to focus on hiring the staff needed to serve the community and generate sufficient cash flow to support the repayment of debt, as well as support the ongoing operations. Keeping the startup cost low also allowed the borrower to focus on business development.



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Contact Information

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