



AdvantAge Mission Deposit Program

A deposit program offered by National Cooperative Bank

Purpose

National Cooperative Bank's AdvantAge Mission Deposit Program is designed to support the LeverAge Finance Program. Social investors' long-term certificates of deposit (CDs) and matching funding from National Cooperative Bank will support LeverAge's affordable, long-term, fixed and variable rate loan products for not-for-profit and cooperative aging services and senior housing models serving people with low-incomes.

AdvantAge deposits may be made in two categories:

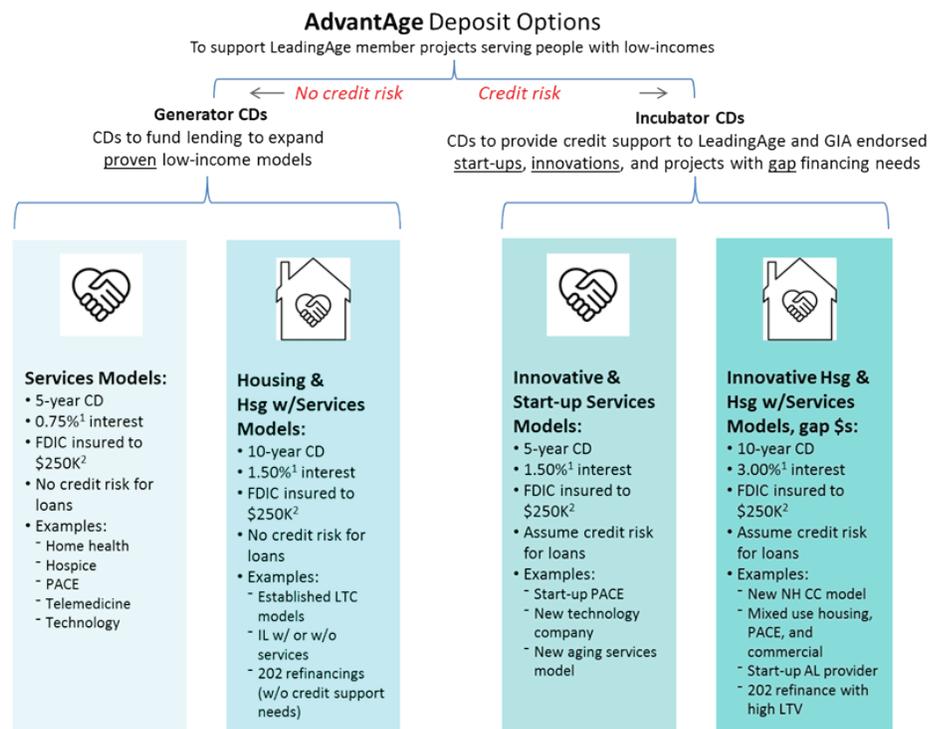
1. "Generator" deposits for the expansion of proven models that do not require credit enhancement
2. "Incubator" deposits for innovations, start-ups, and projects requiring credit support and gap financing

LeadingAge and Grantmakers in Aging have already committed over \$500,000 in AdvantAge deposits. National Cooperative Bank will match Generator deposits dollar for dollar to increase LeverAge lending capacity.

Generator Deposits

Generator deposits fund the advantaged terms for LeverAge loans. Generator depositors will commit to longer terms (5-10 years) at below market rates of interest. **Generator deposit rates and terms are:**

- ▶ 5 to 10 year duration, per the depositor's election (10-year CDs will fund mortgage lending for housing projects, 5+ year CDs will fund business lending for services projects)
- ▶ Generator CD rates will be 0.75%¹ for 5-years and 1.5%¹ for 10-years, FDIC insured up to \$250,000²
- ▶ Generator depositors will not have credit risk associated with LeverAge loans
- ▶ Regular Generator CDs are not eligible for early withdrawal; substantial penalties apply
- ▶ If a Generator deposit is not used to fund a LeverAge loan within 18 months of the date of deposit, the depositor may either close the account without penalty or elect a National Cooperative Bank market rate offering of their choice
- ▶ Generator deposits made with lender or investor required long-term reserves may be withdrawn early without penalty if a reserve disbursement is required by a third party agreement referenced in the CD



Incubator Deposits

Incubator deposits will serve as a source of credit enhancement (e.g., first loss reserve) for LeverAge loans that do not meet the National Cooperative Bank's minimum underwriting criteria but that the program partners (LeadingAge, GIA, and National Cooperative Bank) and depositor agree are important to support. In light of the credit enhancement role that Incubator deposits play, the deposits will earn National Cooperative Bank's market interest rate for CDs. Incubator deposit rates and terms are:

- ▶ 5 to 10 year duration, per the depositor's election (10 year CDs will fund credit enhancement for mortgage lending, 5+ year CDs will fund credit enhancement for business lending)
- ▶ Incubator CD rates will be 1.5%¹ for 5-years and 3.0%¹ for 10-years
- ▶ Incubator depositors will have credit risk associated with the LeverAge loans they fund
- ▶ Incubator CDs will be subject to a security and pledge agreement and an account control agreement to establish the credit support once a LeverAge loan is identified
- ▶ Pending the closing of a LeverAge Loan for which the Incubator deposit (or portion thereof) will serve as credit support, the Incubator deposits shall be held in a Money Market Deposit Account (MMDA) at the National Cooperative Bank's current MMDA rate
- ▶ CDs are not eligible for early withdrawal ; substantial penalties apply
- ▶ If an Incubator deposit is not used as credit support for a LeverAge loan within 18 months of the date of deposit, the depositor may either close the account without penalty or elect a National Cooperative Bank market rate offering of their choice

Maximizing Reserves Returns

Generator CDs provide for early withdrawal from the 5 or 10 year CD term with only a 30 day interest penalty should a referenced loan or bond agreement require a disbursement from the reserve account. This "reserves" provision may allow some organizations to earn the Generator 5 or 10 year deposit rates while meeting lenders' and investors' liquidity and safety requirements, potentially increasing returns while supporting the LeverAge affordable lending program.

For questions regarding the AdvantAge deposit program, please contact
Robert Jenkins at National Cooperative Bank: **(703) 302-1950** or **rjenkens@ncb.coop**.
For more information, visit **ncb.coop/advantage**

¹ APY, rates are current as of 02/20/2015 but are subject to change
² Subject to FDIC rules and limitations on deposit insurance