The *Acceso* Loan Fund:
NALCAB's small business loan participation program

Program Goals:

- Help NALCAB Members increase the number of small business loans they provide to their customers.
- Improve NALCAB Members' loan economics and overall profitability of their lending programs.
- Help NALCAB Members preserve and expand their relationship with existing customers and increase their reach to prospective customers in their communities.

How does the program work?

NALCAB Members can participate out up to 95% of a small business loan to Acceso while funding the remaining portion and servicing the loans through repayment. Members collect and keep the entirety of any origination fee they charge to their customers and receive a recurring $25 monthly servicing fee from Acceso.

Member and loan eligibility:

- Qualified Member Lenders:
    - NALCAB Member with Board-approved Loan Policies and Procedures and a small business loan program that has been in place for at least 3 years.
    - Small business loan portfolio's historical net losses below 10% of total originations.
- Qualified Loans
    - Total Loan amount between $50,000 and $500,000.
    - Fully amortizing term loans (no loans with balloon payments, no lines of credit).
    - Fixed or Variable interest rate (no loans at 0% interest).
    - Secured with collateral according to lender's policy.
    - Personal guarantee provided by Small Business Owner(s).
    - Loans to qualified Business:
        - For profit businesses with Employee Identification Number (EIN). The program is open to business owners that are ITIN holders.
        - Existing businesses with 1+ years in operations or startups/less than 1 year in operations with alternate source of income.
        - Ability to repay the loan in accordance with lender guidelines, with minimum Debt Service Coverage Ratio (DSCR) of 1.0x (business or global).
        - Business Owners must meet Lender's credit guidelines.
        - Acceptable industries according to Lender's guidelines.

NALCAB will evaluate participation requests from Members and decide on purchasing the proposed portion of the loan based on the criteria described above, as well as sector, geographic, and/or lender concentration of Acceso's loan portfolio and other risk management considerations.

Program mechanics:

- NALCAB Members conduct initial loan underwriting using their own guidelines.
- NALCAB reviews Member's participation request and communicates its decision within 2 to 4 business days.
- If parties decide to move forward, Member and Acceso execute a Loan Participation Agreement (contract template is available for Members to review at any point during the process upon request).
- Acceso transfers the price of its participation to the Member upon closing of the Member's loan to its customer and after NALCAB receives a copy of the end loan documentation.
- Members collect interest and principal payments from their customers and each quarter transfer to Acceso its corresponding portion of interest and principal minus the $25 monthly servicing fee they accrue for servicing the loan in accordance with their respective loan policies and procedures, along with a quarterly portfolio performance report.

Key participation terms:

- Non-recourse participation: Acceso funds its portion of the Member's loan to its customer without recourse to Member's assets. Acceso and the Member share the risk of the customer loan. Members have the obligation of executing all collection actions against end borrowers in accordance with their loan policies and procedures.
- Members can agree to amendments to the original loan terms with end borrowers (including waivers of conditions precedent) without Acceso's consent, with the exception of certain modifications such as reducing the principal of the loan, reducing the interest of the loan, extending the payment date of the loan, releasing all or substantially all of the collateral of the loan, or releasing all or substantially all materially significant guarantors of the loan, for which the Member will need Acceso's consent.
- Standard of care: In making, servicing, and handling each loan, the Member will exercise the same care as it normally exercises with respect to loans in which no participations are sold.

For any questions, please contact our team at: impactinvesting@nalcab.org