

Board Action: Grant CHFA Authority to Advance Direct Lending Capital for Prior CLIMBER DLC Lenders

Background:

CHFA receives requests from the lender pool for CLIMBER to receive Direct Lending Capital (DLC) periodically for loan deployment. All requests have to go through a ten day review period from the tranche contributory banks for approval. Then the CLIMBER Oversight Board has up to ten days to review and approve these requests. All requests are reviewed and this process takes time that holds funds from the lending institutions creating a bottleneck in the deployment of capital.

The CLIMBER staff would request that the board approval action step be eliminated from subsequent funding requests for lenders who have had at least one earlier request to speed up the response time lenders have to the businesses requesting loans. The subsequent requests would become an update note in normal board meetings to reduce any special board meetings that would have to be called otherwise.

Board Action:

With approval of this request, the Oversight Board allows CHFA to grant a lenders subsequent funding request who has been approved for an initial Direct Lending Capital prior requests. Any concerns for that lender will be reviewed and addressed by the initial request for DLC funds. Therefore subsequent funding requests should not become an issue that the board would need to approve.

Rationale:

The CLIMBER staff and CHFA realize that the review and approval process is an evaluation step and takes time. The additional time to prepare a board meeting creates an extra waiting period for the lender and business before their loan can be funded. Eliminating the board approval action for subsequent requests will improve the capital servicing needs of our lending partners. This will speed up their approval process since the funding request can be automatic and the board has already evaluated the lender from the initial request. Also, this process would eliminate the need to call a special board meeting to fund the request.