



Who we are

- The Finance Fund engages in creative approaches that build bridges between capital markets and economically distressed communities.



Who we are

- State-wide nonprofit
- Offer funding support to organizations that work to improve the quality of life for low- and moderate-income persons in Ohio



Who we are

- Transform emerging rural and urban communities into vibrant, diverse, economically healthy neighborhoods
- Public-private partnerships:
 - Financial institutions
 - Foundations
 - Community-based organizations
 - Federal, state and local governments.



The Linked Deposit Fund

- Product used to reduce interest rate on permanent or construction financing.
- The low interest loans enable organizations to make projects affordable to the lowest income people in their communities.



The Linked Deposit Fund

- Through the Linked Deposit Fund, Finance Fund places linked deposits connected to specific projects around Ohio.
- The deposits are manifested in concessionary rate Certificates of Deposit placed at various banks that produce monthly interest checks and a principal amount at maturity.



What it does

- The reduced interest rate is guaranteed for the term of the loan.
- The average life of our certificate is about 8 years.
- The low interest loans enable organizations to make projects affordable to the lowest income people in their communities.



What makes it unique

- **Sustainability**
- Linked deposits perform a programmatic function; i.e. low interest rates on mortgages, but do not serve as collateral or security for the mortgage.
- Risk of loss is minimal and upon maturity capital may be recycled.



What makes it unique

- **Flexibility**
- The characteristics of a deposit can be adjusted to achieve specific rate objectives.
 - Amount
 - Term
 - Rate



What makes it unique

- **Leverage**
- The deposit's function is to enable a revenue stream to pay for shortfalls incurred when loan rates are lowered.
- That can be done in a term shorter than the loan term.
- Therefore, when the shortfall is funded the LD matures while the loan continues.



What makes it unique

- The LD model is a valuable tool in distressed markets.
- Economically distressed markets need varied subsidies because of inerrant characteristics; i.e. depressed property value, stressed infrastructure, investment flight.
- Linked deposits are one of the tools adding value to these economies through a “hidden” subsidy strategy.



St. Paul AME Wellness Center

- **St. Paul AME Wellness Center** brings needed health care services back to a blighted urban community to fill a void left by the departure of a community hospital a decade ago.
- **Projected Impact:** 25 FTE jobs, 33 construction jobs, 16,075 commercial sq. ft.
- Linked deposit provided significant interest rate reduction, from 6.9% to 3.94%.





New Straitsville Downtown Revitalization

- Promoting the historic Main Street district in two of the “Little Cities of Black Diamonds” in the Hocking Valley Coal Region by refinancing and rehabilitating five properties in a rural downtown area.
- **Projected Impact:** 10 FTE jobs, 13 construction jobs, 10,000 commercial sq. ft.
- Linked deposit provided significant interest rate reduction, from 7.75% to 5.25%



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What's next?

- The Finance Fund continues to evaluate this process annually.
- This has lead to adaptive use of LD's in lower rates on construction lending and on lines-of-credit connected to revitalization of communities.



What's next?

- Based on demand, Finance Fund is continuously investigating ways to obtain investment in the Linked Deposit Fund.
- Partnerships are always welcome.



What's next?

- Finance Fund's five year initiatives include:
 - early care and education facilities
 - vacant and abandon properties
 - barriers to availability of credit in economically distress communities



Contact us

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