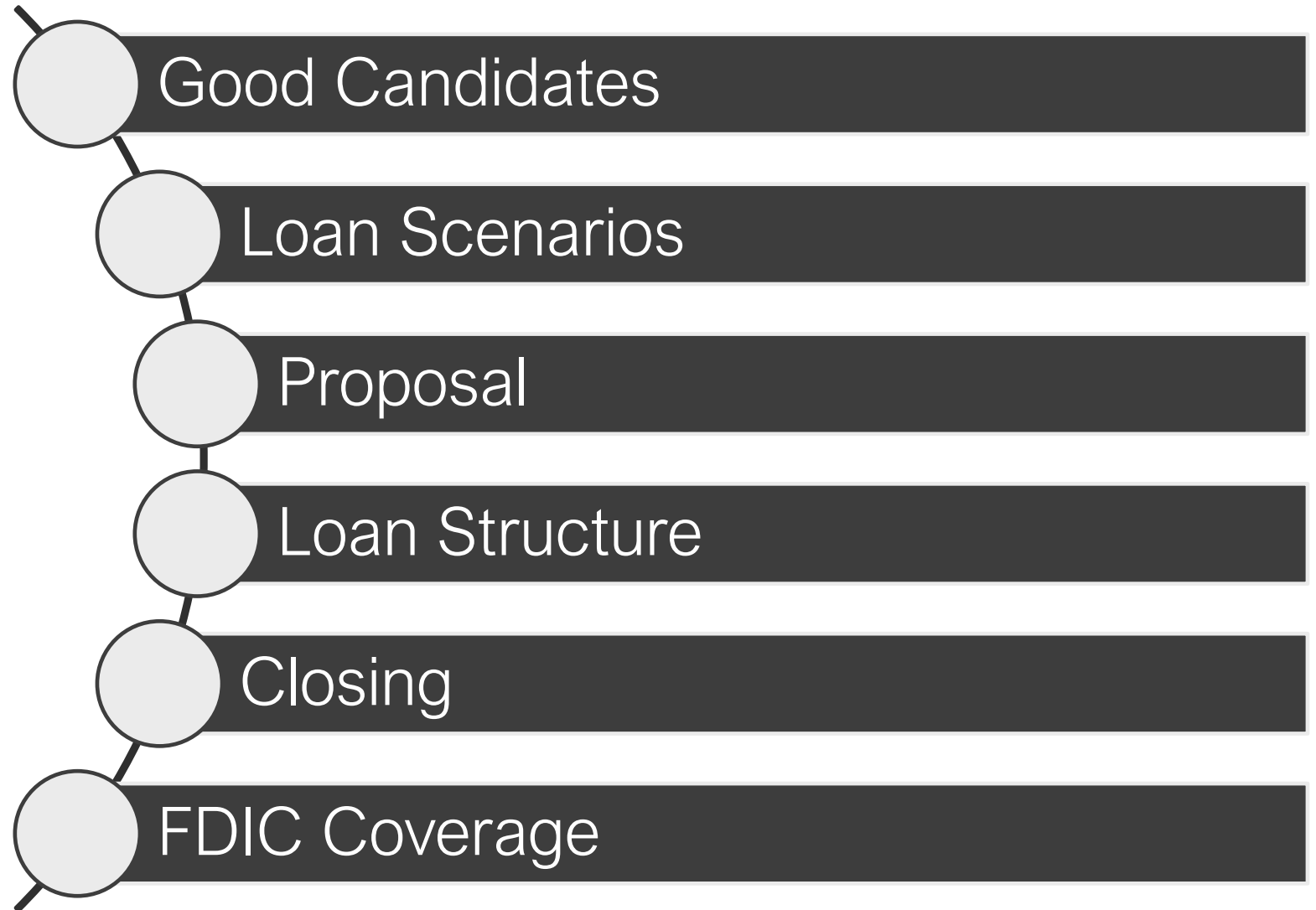




National Cooperative Bank

COMMUNITY ASSOCIATION FINANCING & FDIC COVERAGE

TODAY'S OUTLINE

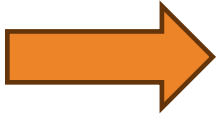




A GOOD CANDIDATE

- Appropriate use
- \$250,000 or more
- 25 units or more
- Owner occupancy 60% or greater
- Delinquency levels
 - No more than 15% of units over 30 days
 - No more than 10% of annual assessments over 30 days

LOAN SCENARIOS



Loan Information	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Loan Amount	\$ 450,000	\$ 450,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 1,000,000
Term (in months)	60	120	60	120	60	120
Spread on Rate	2.65%	2.65%	2.00%	2.00%	2.00%	2.00%
Interest Rate	6.87%	7.10%	6.22%	6.45%	6.22%	6.45%
Amortization (in months)	60	120	60	120	60	120
Monthly Payment	\$ 8,883	\$ 5,248	\$ 9,718	\$ 5,665	\$ 19,435	\$ 11,329
Annual Debt Service	\$ 106,596	\$ 62,977	\$ 116,612	\$ 67,976	\$ 233,223	\$ 135,952


General Terms / Credit Policy

Prepayment	Open to prepay without penalty provided funds are generated from internal sources. For refinance a yield maintenance provision applies.
Arrears limits	No more than 15% of total units or 10% of annual assessments over 30 days past due. Calculations do not include legal, late or interest related costs.
Investor / Rental limits	Owner occupancy of 60% or greater is required.
Ownership concentration	In the event any individual or organization owns 10% or more of the community additional due diligence will be required. Owners will be required to show a debt schedule for units along with a rent roll evidencing adequate DSCR inclusive of any projected increase in maintenance dues.
Financial Statement Quality	Loans ≤ \$1,500,000 require annual management financials. Loans > \$1,500,000 require audits.
Closing costs	Costs related to legal, UCC filing and other items required by the bank to be paid by borrower. Estimated cost is \$4,500.

PROPOSAL

Items needed:

- Prequalification form
- Most recent available month-end financial report
- Arrears
- Cash Position

 **Community Association Loan Application**

Important Applicant Information: Federal law requires financial institutions to obtain sufficient information to verify your identity. You may be asked several questions and to provide one or more forms of identification to fulfill this requirement. In some instances we may use outside sources to confirm the information. The information you provide is protected by our privacy policy and federal law.

Loan Request Details Loan Amount \$ Purpose

Repayment 5 YEAR 7 YEAR 10 YEAR Other

Source of Repayment (please check all that apply)

Current Annual Budget Special Assessment
 Increase in Annual Budget Other

Applicant Information

Association Name

Physical Address City State Zip Code

Mailing Address City State Zip Code

Is there current litigation involving the Association? Yes No Is community vote needed for loan? Yes No Unsure

Property Description

Number of Buildings Number of Stories Total Number of Units

Year Built Do any owners own 10% or more of units? Yes No Number of Rental Units

Association Contact Information

Management Company

Property Manager Name Phone Email

Address City State Zip Code


Attach the Following

YTD financial statements with current budget Past three years of financials inclusive of accounts receivable (audited if available)
 Month-end delinquency report in 30/60/90 day format Reserve study (if available) Project Budget (if available)

Applicant Authorization

Agreement: The undersigned applies for the loan indicated in this application and represents that all statements made in this application and the attachments are true and are made for the purpose of obtaining the loan. The undersigned acknowledges that the Bank is relying on such information and that knowingly making false statements or omitting material facts may violate federal law, including 18 U.S.C. §§ 1001 and 1014. Verification may be obtained from any source named in this application and/or in attachments. The undersigned consent to the use of electronic signatures and agree that any electronic signatures included in this document and on any additional documents submitted by us are intended to have the same force and effect as manual signatures in accordance with the Federal E-Sign Act and applicable state law.

Print Applicants Name **Date** **Applicants Authorized Signature**

 Banking and financial services provided by National Cooperative Bank, N.A. Member FDIC. The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The Federal agency that administers compliance with this law concerning this creditor is the Office of the Comptroller of the Currency, Customer Assistance Group, P.O. Box 53370, Houston, Texas 77252. If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain a statement, please contact your business development officer at (800) 955-9622 or address your inquiry to NCB at 2011 Crystal Drive, Suite 800, Arlington, VA 22202 within 60 days of the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.

REV 10/2016

National Cooperative Bank - Financing Proposal

PROPOSAL

Sample Proposal

- Note pricing metric
- Prepayment terms

Lender	National Cooperative Bank, N.A. ("NCB")
Borrower	NORTH STATION CONDOMINIUM, INC. ("Borrower")
Loan Purpose	Bridge Repair
Loan Amount	\$1,000,000.00

General Loan Terms and Conditions

10 Year Term Loan	10-year total term. Current rate is 6.00%. Pricing metric is as follows: - 10 Year US Treasury + 1.90% with a floor rate of 5.95% - Estimated payment = \$11,102 a month - Rate fixed for entire term. See rate lock information below.
Interest Rate Lock	The interest rate for the Loan shall be locked on NCB's notice of approval for up to forty-five (45) days (the " Initial Rate Lock Period ") using the pricing metric above (the " Initial Rate "). In the event that the Loan does not close within the Initial Rate Lock Period, the rate will be set at closing using the calculation above, provided, however, that no rate locked after the Initial Rate Lock Period shall be lower than the Initial Rate.
Loan Funding	Loan proceeds, less closing costs for the Loan, will be funded into a controlled interest-bearing construction escrow account maintained at NCB, and shall remain subject to NCB's standard construction draw process.
Prepayment Terms	This Note shall be permitted to be prepaid once per calendar year on any regularly scheduled payment date, in whole or in part, without penalty or premium, provided that the source of prepayment is from internally generated income (each, an " Internal Prepayment "). Loan payments may be re-amortized upon prepayment. The Borrower shall also be permitted to prepay the Loan, in whole only, on regularly scheduled payment dates from loan proceeds from a refinance (" Refinance Prepayment "). For a Refinance Prepayment, the Borrower shall pay a prepayment penalty of yield maintenance or one percent (1.00%), whichever is greater.
Good Faith Deposit	\$1,000 good faith deposit to be applied towards closing costs unless loan does not close at which point it will be refunded less bank's out-of-pocket costs.
Closing Costs and Fees	Costs related to legal, UCC insurance/filing fees and other closing items as NCB requires to be paid by borrower.
Term & Conditions	The Loan shall be subject to the NCB Condominium Association Loan Standard Terms & Conditions (the " Terms & Conditions ") as attached.
Approval Required	This is not a commitment to lend. NCB reserves the right to adjust the pricing quoted or parameters outlined at its sole discretion once borrower has undergone complete underwriting process. Borrower will be given notice when approved. In the event of any changes, Borrower's consent is required.

This Community Association Financing Proposal inclusive of the Terms & Conditions is AGREED TO AND ACCEPTED:

The Borrower:

By: _____ Dated: _____
 Name: _____ Title: _____
 Duly Authorized





LOAN STRUCTURE

Construction Draw to Term

- Start at \$0
- Line of Credit (LOC) with payback period
- **Interest only period**
- Typically has 1% fee
- Converted to term loan at end of interest only draw period

Term Loan

- At closing, loan funds placed into controlled escrow account (fully funded)
- No interest only period
- Rate fixed at closing
- No fee
- **Principal/interest (amortization) begins right away**

\$24,895.84
Additional interest
& Fees

Construction Draw to Term Loan				
(12 Month Interest Only + 10 Year Term)				
Amount	\$1,000,000			
Draw Period Years	1			
Est. Draw Period Rate	3.25%			
Commitment Fee	\$ 10,000.00			
Fixed Term Years	10			
Est. Fixed Term Rate	4.35%			
Fixed Term Payment	\$10,291.69			
Est. Annual Payment (after int. only period)	\$123,500.24			
Estimated Interest & Fees	259,898.24			
Bal	Prin	Int	Mthly Payment	
0	-			
1	83,333.33	83,333.33	-	-
2	166,666.67	83,333.33	225.69	225.69
3	250,000.00	83,333.33	451.39	451.39
4	333,333.33	83,333.33	677.08	677.08
5	416,666.67	83,333.33	902.78	902.78
6	500,000.00	83,333.33	1,128.47	1,128.47
7	583,333.33	83,333.33	1,354.17	1,354.17
8	666,666.67	83,333.33	1,579.86	1,579.86
9	750,000.00	83,333.33	1,805.56	1,805.56
10	833,333.33	83,333.33	2,031.25	2,031.25
11	916,666.67	83,333.33	2,256.94	2,256.94
12	1,000,000.00	83,333.33	2,482.64	2,482.64
13	993,333.31	\$6,666.69	3,625.00	\$10,291.69
14	986,642.46	\$6,690.85	3,600.83	\$10,291.69
15	979,927.35	\$6,715.11	3,576.58	\$10,291.69
16	973,187.90	\$6,739.45	3,552.24	\$10,291.69
17	966,424.02	\$6,763.88	3,527.81	\$10,291.69
18	959,635.62	\$6,788.40	3,503.29	\$10,291.69

Term Loan				
(10 Year Term Loan - no interest only period)				
Amount	\$1,000,000			
Draw Period Years	N/A			
Draw Period Rate	N/A			
Commitment Fee	\$ -			
Fixed Term Years	10			
Est. Fixed Term Rate	4.35%			
Fixed Term Payment	\$10,291.69			
Est. Annual Payment	\$123,500.24			
Estimated Interest & Fees	235,002.40			
Bal	Prin	Int	Mthly Payment	
1,000,000.00				
993,333.31	\$6,666.69	3,625.00		10,291.69
986,642.46	6,690.85	3,600.83		10,291.69
979,927.35	6,715.11	3,576.58		10,291.69
973,187.90	6,739.45	3,552.24		10,291.69
966,424.02	6,763.88	3,527.81		10,291.69
959,635.62	6,788.40	3,503.29		10,291.69
952,822.61	6,813.01	3,478.68		10,291.69
945,984.91	6,837.70	3,453.98		10,291.69
939,122.42	6,862.49	3,429.20		10,291.69
932,235.05	6,887.37	3,404.32		10,291.69
925,322.72	6,912.33	3,379.35		10,291.69
918,385.32	6,937.39	3,354.29		10,291.69
911,422.78	6,962.54	3,329.15		10,291.69
904,435.00	6,987.78	3,303.91		10,291.69
897,421.89	7,013.11	3,278.58		10,291.69
890,383.36	7,038.53	3,253.15		10,291.69
883,319.32	7,064.05	3,227.64		10,291.69
876,229.66	7,089.65	3,202.03		10,291.69

TERM LOAN

Loan Account



- Fully funded at beginning
- Principal/Interest from the start

Bal	Prin	Int	Mthly Payment
1,000,000.00			
993,333.31	\$6,666.69	3,625.00	10,291.69
986,642.46	6,690.85	3,600.83	10,291.69
979,927.35	6,715.11	3,576.58	10,291.69
973,187.90	6,739.45	3,552.24	10,291.69
966,424.02	6,763.88	3,527.81	10,291.69
959,635.62	6,788.40	3,503.29	10,291.69
952,822.61	6,813.01	3,478.68	10,291.69
945,984.91	6,837.70	3,453.98	10,291.69
939,122.42	6,862.49	3,429.20	10,291.69
932,235.05	6,887.37	3,404.32	10,291.69
925,322.72	6,912.33	3,379.35	10,291.69
918,385.32	6,937.39	3,354.29	10,291.69

Controlled Escrow Account



- “Reserve Account” in Association’s name
\$1,000,000 to draw from and spend on projects
- Submit draw paperwork to:
 - Pay vendors
 - Reimburse for work already done



CLOSING

You

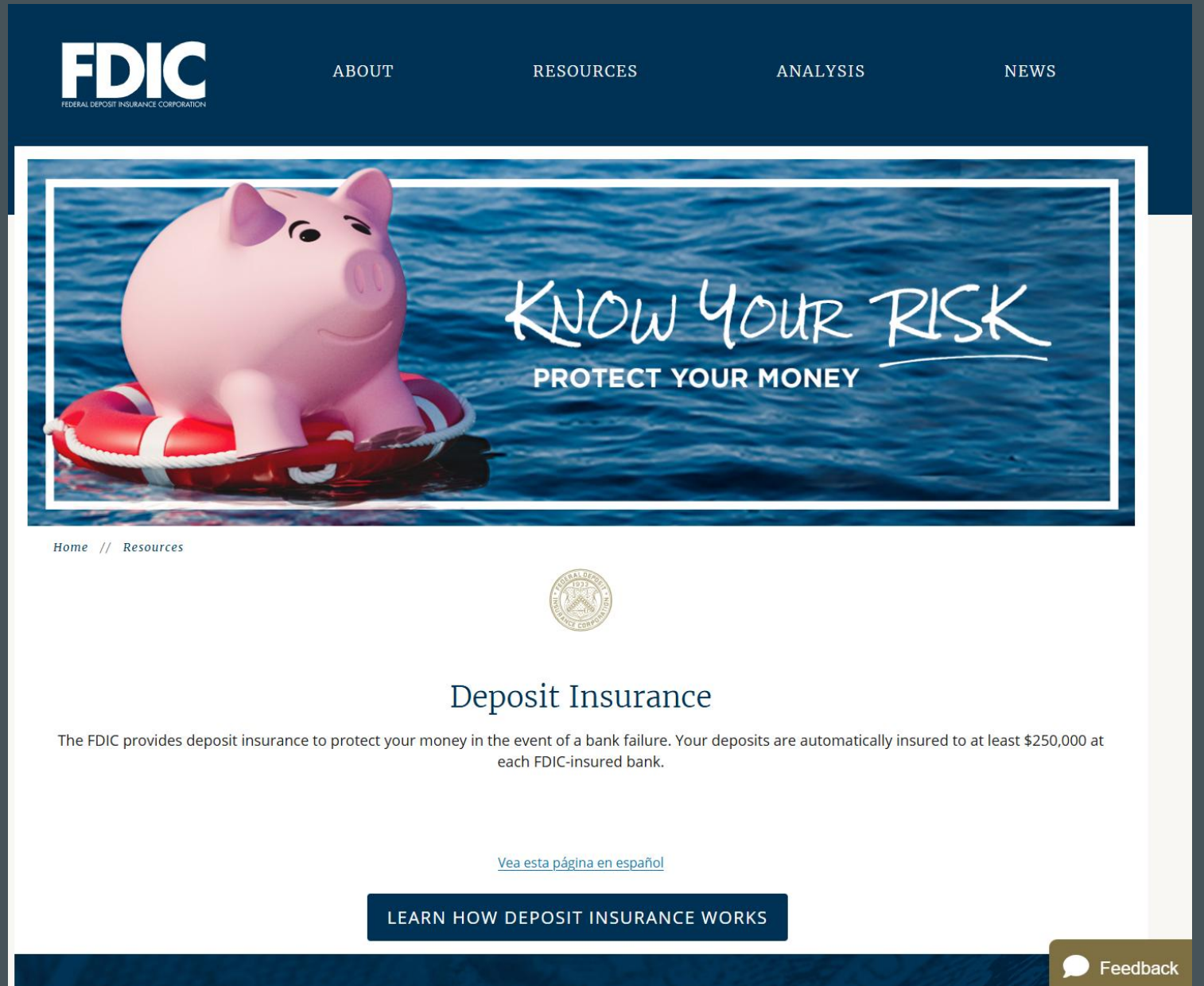
- Wait for email from closing team
 - Updated financial info
 - QuickPay form
 - Flood Certificate
 - Beneficial Ownership form
- Invoice for any fees

Association Attorney

- Review draft closing documents
- Will/Should coordinate signing of docs with board members

FDIC COVERAGE: BASICS FOR HOA BOARDS


Video: [FDIC Deposit Insurance](#)



The screenshot shows the FDIC website's "Deposit Insurance" page. At the top, the FDIC logo is on the left, and navigation links for "ABOUT", "RESOURCES", "ANALYSIS", and "NEWS" are on the right. A large banner image features a pink piggy bank floating in a red and white life preserver on blue water. To the right of the piggy bank, the text "KNOW YOUR RISK" is written in a white, handwritten-style font, with "PROTECT YOUR MONEY" in a smaller, white, sans-serif font below it. Below the banner, the breadcrumb "Home // Resources" is visible. The FDIC seal is centered above the "Deposit Insurance" heading. The main text explains that the FDIC provides deposit insurance to protect money in the event of a bank failure, with a coverage limit of at least \$250,000 per FDIC-insured bank. A link to view the page in Spanish is provided below. A dark blue button with white text says "LEARN HOW DEPOSIT INSURANCE WORKS". In the bottom right corner, there is a "Feedback" button with a speech bubble icon.


FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

[ABOUT](#) [RESOURCES](#) [ANALYSIS](#) [NEWS](#)



KNOW YOUR RISK
PROTECT YOUR MONEY

[Home](#) // [Resources](#)



Deposit Insurance

The FDIC provides deposit insurance to protect your money in the event of a bank failure. Your deposits are automatically insured to at least \$250,000 at each FDIC-insured bank.

[Vea esta página en español](#)

[LEARN HOW DEPOSIT INSURANCE WORKS](#)

[Feedback](#)

FDIC COVERAGE: BASICS FOR HOA BOARDS

- FDIC protects deposits if an insured bank fails
- Coverage: \$250,000 per depositor, per bank (Insured Depository Institution)
- Includes principal and accrued interest
- Example:
 - HOA operating account = \$180K → fully insured
 - HOA reserve account = \$400K → \$70K insured / \$330K uninsured



Covered

Money deposited at FDIC-insured banks in:



Checking accounts



Negotiable order of withdrawal (NOW) accounts



Savings accounts



Money market deposit accounts (MMDAs)



Time deposits such as certificates of deposit (CDs)



Cashier's checks, money orders, and other official items issued by a bank



Not Covered



Stock investments



Bond investments



Mutual funds



Annuities



Life insurance policies



Safe deposit boxes or their contents



U.S. Treasury bills, bonds, or notes



Municipal securities



Crypto assets

WHAT HOA FUNDS ARE COVERED

- Covered: operating (checking), reserve (MMDA, savings, CDs)
 - Example: Reserve funds in MMDA + CD at same bank are combined
- Not covered: mutual funds, bonds, investment accounts
- Key point: account type does not increase coverage

CONSUMER VS. HOA ACCOUNTS

- Unit owner accounts are separate from HOA accounts
- HOA treated as a business/association depositor
 - Account Ownership Category → “Corporation, Partnership, and Unincorporated Association”
- Example:
 - Owner: \$200K personal account
 - HOA: \$200K operating account → Both fully insured
- Coverage is based on legal ownership → Ownership Category
 - Single – Up to \$250,000
 - Joint – Up to \$500,000
 - Trust (Formal/Informal) – Up to \$1,250,000 or \$250,000 per beneficiary (max. 5 benef.)
 - Joint POD (Husband & Wife) Benf. C1, C2, C3, C4 & C5 = \$2,500,000 insured

HOA / CONDO ASSOCIATION COVERAGE

- Associations insured up to \$250K per entity per bank
- Example:
 - HOA reserve = \$1,000,000 at one bank → \$250K insured / \$750K uninsured
- All HOA accounts at same bank are aggregated
- Using multiple banks = separate coverage → Work with “four” separate banks or use **ICS/ CDARS**
 - Designed for large reserve balances above \$250K
 - Uses placement across multiple FDIC-insured banks
 - Example: \$1M reserve split across 4 banks → fully insured
 - One banking relationship, full coverage
 - Activates: Pass-Through Deposit Insurance Coverage

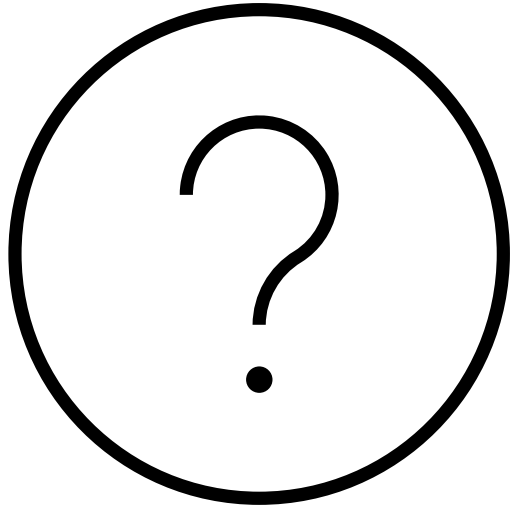
HOA RESERVE FUNDS — BEFORE VS AFTER ICS/CDARS

Before – Single Bank

- HOA Reserve Balance: \$1,000,000
- Held at Anytown Bank
- **FDIC Coverage: \$250,000 insured/
\$750,000 uninsured**

After – ICS/CDARS

- Same \$1,000,000
- Split across multiple banks
- **FDIC Coverage: \$1,000,000 fully insured**



QUESTIONS/COMMENTS?

DRAMOS@NCB.COOP | 703-302-1490