

NSBRF / Nashville Opportunity Fund Application & Underwriting Updates Pathway Lending, Program Administrator

A. Approaching the one year mark for the NSBRF Program, the following points are program enhancements recommended by Pathway Lending to further expedite deployment of loan funds:

1. Revenue Thresholds:

If an applicant had less than \$1MM in gross receipts for 2020 and 2021, but in 2022 exceeded \$1MM in revenue, eligibility for NSBRF would not be excluded.

If gross receipts exceeded \$1MM in 2022; but were below \$1MM in 2020 and 2021, applicant would be eligible. A \$200,000 maximum loan amount would remain. A maximum loan amount would be sized based on the year selected to meet the less than \$1MM requirement.

2. Dates of Operation for Business:

Adjust the Dates of Operation requirement as the Program has now been in operation for a year. Require Applicant to have been in business for 2 years in Davidson County, as of Sep 30, 2020 vs. Sep 30, 2019.

3. Waive Grant OR Loan Requirement for Businesses in N. Nashville zip codes:

The N. Nashville allocation of NSBRF grant dollars were successfully deployed to eligible, existing small businesses. However, by receiving a grant they remain ineligible for NSBRF 2% loan capital. Pathway has worked with a wide range of N. Nashville community organizations, called on businesses directly to promote the product, and continued to bring awareness to the program in a variety of strategies. The vast majority of interested businesses are now ineligible to apply due to receiving the grant in 2022, due to the NSBRF guidelines. A waiver of this requirement for N. Nashville zip codes would previous grant recipients to now be eligible for a 2% loan. This waiver would not be recommended for other Nashville zip codes, at this time, based on Pathway's current data.

B. Items below are in keeping with course of business for Pathway Lending's Nashville Opportunity Fund (NOF). Noticing Metro for informational purposes.

2022 Tax Return Requirement

After April 18, 2023, Pathway Lending will require 2022 Business Tax Returns (not extensions) for underwriting.

Credit Score Minimum:

Current Credit Score Minimum is cited as 600 for all applicants. This is a barrier to approval in circumstances where a credit score is lacking; applicants have been negatively impacted by medical circumstances, divorces, etc.

Pathway will waive this requirement when a preponderance of application data indicates the credit will perform and the applicant qualifies for the NSBRF program. Pathway may also waive the requirement for all borrowers to have a minimum credit score of 600.

Loan Applications < \$10,000

Applications for less than \$10,000 are by nature submitted on behalf of micro businesses (< \$50,000 in annual revenue). Pathway Lending underwrites these using a Debt-to-Income model vs. Debt Service Coverage Model because of the typically close nature of the borrower's and business' financial condition. Pathway will waive the full underwriting when a preponderance of application data indicates the credit will perform and the applicant qualifies for the NSBRF program.

Personal/Small Group Information Sessions Available Almost Daily:

Pathway will begin to offer clients the option to Sign Up for An Information session where they may speak to a Small Business Advisor who helps determine program eligibility, loan application qualifications, Q&A, and begin the loan application inquiry. These one on one / small group information sessions will be offered almost daily.