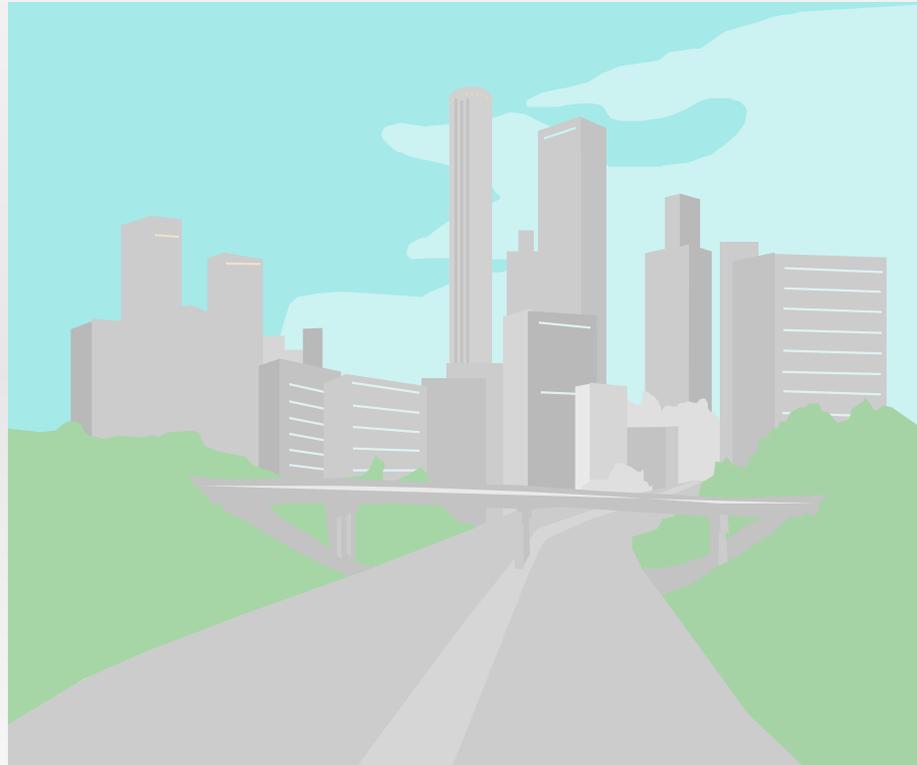


# Zero Interest Fund



# Purpose of Zero Interest Fund

- Promote economic development and job creation or retention

# Program Description

- Total Funds Available
  - \$1million (\$250,000 per year for four years)
- Eligible Activities: “Early-in” project costs for mixed use residential, commercial, or industrial projects
- Maximum of \$35,000 per project
- Open Window

# Loan Terms

- Zero interest funding
- Repayment of principal in 24 months, or at closing of construction or permanent loan

# Documents Required

- Two-page application, identifying the member and describing the project
- Funding agreement
- Request for funds

# Early History

- Number of projects: 10
- Jobs created or retained: 351

# Projects

- Child care
- Special needs
- Community facility
- Agribusiness

# Impetus for the Program

- Seattle Bank Challenge Fund
- CICA Credit Needs Assessment (1999)
  - Predevelopment funds
  - Patient capital

# How Program Has Changed

- From “predevelopment” fund to “early-in” fund
- Member repayment required
- Documentation substantially reduced
- Mixed-use developments

# Lessons Learned

- Program is attractive to smaller lenders serving smaller businesses
- Marketing is important
- Reduced documentation required

# Next Steps

- Allow conversion to other lending products or allow ZIF to roll over
- Develop an intermediate business loan product that bridges from ZIF to normal business lending

# Next Steps (continued)

- Market ZIF to smaller lenders serving smaller businesses
- Position ZIF as a tool to develop more normal business lending