

THE  
CONSERVATION FUND

## Conservation Loans

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### Mission

Through its Conservation Loans program, The Conservation Fund provides bridge financing and short-term loans to non-profit, municipal and tribal organizations. Our goal is to assist and empower our borrowers to accelerate the pace of conservation in their operating region.

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## I. About the Conservation Loans Program

Through our Conservation Loans, we help local land trusts, nature centers, conservation districts, historical societies, trail groups, food co-ops, tribes and municipalities meet the need for conservation funding by providing capital when and where it is needed. We provide bridge financing and technical assistance to colleague organizations across the country to advance conservation locally.

Since our first loan in 1993, we have made a lasting impact on conservation across the United States and Canada.

- By continually revolving our loan fund, we have provided almost \$250 million in 402 loans to more than 200 partners.
- With our backing, local conservationists have protected over 161,000 acres across 40 states and five Canadian provinces—lands valued at nearly \$475 million.

These results would not be possible without the individuals and charitable foundations that have invested in our work and believe in conserving lands, connecting people to nature, and protecting the special places that matter most to communities across the nation. We are ready to support your needs and create transformational solutions that foster vibrant communities.

## II. Eligible Organizations And Projects

The mission of The Conservation Fund is to conserve America's legacy of land and water resources. We strive to achieve balanced conservation solutions that emphasize the integration of economic and environmental goals. Loan projects with strong conservation values help The Conservation Fund achieve its mission on behalf of the public.

Eligible Organizations: Non-profit, municipal and tribal organizations in good standing.

Eligible Projects: To be eligible, a project must have a permanent conservation outcome:

- Conserving Land and Water – fee title acquisitions, conservation easement acquisitions, trail easement acquisitions and water rights acquisitions.
- Accessing Land, Water and Food – park or natural area infrastructure/access, trail installation/access, farmers' markets/community coops/community farming capital assets.
- Recovering Land and Water – Habitat rehabilitation and restoration.
- Other – Do you have a project, program or initiative in need of funding? Give us a call to discuss.

**Only in rare circumstances will The Conservation Fund lend to projects in which the purchase price exceeds the fair market value. Contact staff to discuss your project.**

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## III. How To Apply

To inquire about a Conservation Loan, please contact Andrea Ferri at (703) 615-6140.

**The earlier you engage us, the more we might be able to help you close on your project.**

All loan requests must be accompanied by a complete loan application package. These materials are critical to a timely and successful review process. A complete application packet consists of:

- Cover letter containing all requested information and following designated outline (Section V)
- Application form (Section VI)
- Completed Required Materials Checklist (Section VII)
  - All required materials listed on Materials Checklist (*or note date available on Checklist*)
- Application Processing Fee (\$500)

Program staff will work with you to strengthen the application before its submission to the Loans Committee. Typically, the Loans Committee meets every three weeks to review new applications. Allow a minimum of 60 days prior to your closing for us to review your application, bring it before the Loans Committee, and wire the funds necessary for the transaction.

***Submit all materials (other than application processing fee) in standard digital formats such as Word, Excel, PDF and JPEG. using the file sharing service Dropbox.***

**We look forward to working with you to make your project a reality.**

#### IV. Standard Loan Terms

- **Minimum Loan Amount:** \$200,000 (extraordinary exceptions considered).
- **Interest:** Contact us for our current rate.
- **Term:** Minimum of 90 days and maximum of 3 years (extraordinary exceptions considered). If a loan is needed for less than 90 days, 90 days' worth of interest will be due at maturity.
- **Payment Schedule:** To be negotiated.
- **Pre-payment penalty:** None. Note from "Term" above that if a loan, or portion of a loan, is repaid in less than 90 days, 90 days' worth of interest will be due.
- **Origination Fee:** None.
- **Application Processing Fee:** \$500. Submitted at time of application. **NOTE** – this fee will be credited against the loan's interest payments if the loan closes. If the loan does not close, the application processing fee is non-refundable.
- **Extension Fee:** If you need to refinance, renegotiate or extend the loan, a \$1,500 extension fee will be charged.
- **Loan Commitment:** Our commitment to fund the loan shall last six months from date of approval by the Loan Committee. If the commitment expires you will need to re-apply for the loan.
- **Loan Closing Costs:** Borrower covers.
- **Collateral:** We seek to secure our loans 100%. Note that there are varying discounts in value used for different forms of collateral. These discounts are due to conservative assumptions made by the lending world associated with disposal of the asset in the event of a default:
  - Undeveloped land: typically discounted at 50% of appraised value.
  - Stocks or publicly traded securities: discounted at 75% of value.
  - Letters of credit, CDs and deposit accounts: 100% of value, not discounted.

For example, in a hypothetical \$1 million loan to acquire forestland, the Fund could take a deed of trust on the property and would need an additional \$500,000 of security. This could be a deed of trust on the organization's nature preserve that appraises for \$1 million, *or* a \$500,000 CD pledged by a major donor as a guaranty, *or* a \$500,000 letter of credit from a local bank.

- **Lines of Credit:** If you have a significant number of projects in your project pipeline that are in need of bridge financing over a finite period of time, *or* if are completing grant reimbursable restoration and/or construction projects, there might be an opportunity to receive access to a line of credit to meet your needs. Contact staff to discuss.
- **Press and Media:** We request that you acknowledge our involvement in the project and that we have the opportunity to review all project press releases and publications prior to release. If you need assistance with press or media relations, do not hesitate to contact us.

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## V. Loan Application Cover Letter Outline

All successful loan requests are accompanied by a compelling cover letter on your organization's letterhead. In your cover letter, provide a project narrative covering all topics below. **Include the bolded headings below to address each topic in the order listed, answering all questions:**

**1) Loan Request Summary.** Provide a one-paragraph introduction to the project and the loan request.

**2) Organizational Structure and History.** Provide a concise overview of your organization, its capacity and its track record in the type of project (land acquisition, restoration, trail construction, etc.) you are seeking a loan.

- What is your service area?
- How many staff/volunteers do you have?
- What is your most recent operating budget?
- Have you borrowed money before? If so, describe.
- How many similar projects have you completed in the past three years?

**3) Project Budget, Loan Request and Takeout Strategy.** Provide a detailed project budget, outlining sources of funding and scenarios for repayment of the loan.

**3.1) Project Budget.** Budget items for land acquisition projects are listed below. If your application is for another type of conservation-related project, provide an appropriate budget demonstrating a working knowledge of your field.

Fair Market Value	\$
Loan Amount Requested	\$
-----	
Purchase Price	\$
Due Diligence <i>(Title Exam/Certificate, Title Insurance, Appraisal and Environmental Site Assessment)</i>	\$
Legal Costs and Closing <i>(Attorney fees, recording fees, mortgage taxes)</i>	\$
Project Management	\$
Estimated Loan Interest <i>(entire loan term)</i>	\$
Property Taxes <i>(entire loan term)</i>	\$
<b>Total:</b>	<b>\$</b>

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**3.2) Funding Sources.** List sources of funding for entire project (bargain sale, donations, grants, etc.). Total should meet or exceed total budget in section 3.1.

Funding Source 1	\$
Funding Source 2	\$
<b>Total:</b>	<b>\$</b>

**3.3) Repayment Option A.** Describe the best-case scenario for repaying the loan.

**3.4) Repayment Option B.** Describe an alternative scenario for repayment if Option A fails.

**3.5) Fundraising Plan.** If you are relying on fundraising as part of the repayment strategy for either option A or B, include your fundraising plan as an attachment with your application materials and answer the following questions:

- What are your organization's annual fundraising efforts in recent years?
- How much does your organization fundraise from private sources annually? Include breakdown of number of gifts, size of gifts, and individual vs. foundation.
- Do you have a dedicated staff, board member or consultant assigned to fundraising? Highlight specific organizational capacity, and provide names and titles.
- Does your board participate in fundraising? Explain.
- Has your organization had experience in raising funds at the requested level of the loan or is this an opportunity for organizational growth in fundraising?
- Summarize the plan, including when you anticipate fundraising to be completed.

**4) Collateral.** Our loans are 100% secured by collateral. Describe the scenarios(s) for collateralizing this loan. Providing several options of collateral for the Loan Committee helps improve the efficiency of our approval process. Feel free to contact Reggie or Caitlin to discuss and brainstorm.

**5) Conservation Values.** Briefly describe conservation values/outcomes by highlighting how the project:

- Protects or recovers the natural habitat for fish, wildlife, plants or ecosystems.
- Provides opportunities for outdoor recreation, educational use, or supports government policy such as protecting farmland, fulfilling a Wildlife Action Plan or implementing a local open space plan.
- Improves water quality.
- Addresses threats to conservation values that may occur if the project is not completed or will be addressed by new stewardship practices with your ownership facilitated by this loan.

## VI. Loan Application

I. HOW DID YOU HEAR ABOUT US?		
<input type="checkbox"/> Training Course	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Internet Search	<input type="checkbox"/> Word of Mouth By whom? _____	
II. BORROWER INFORMATION		
Name of Organization: _____		
Address: _____		
City: _____	State/Province: _____	Zip: _____
Primary Contact: _____		
Phone: _____	Email: _____	
Legal Contact: _____		
Phone: _____	Email: _____	
Press Contact: _____		
Phone: _____	Email: _____	
If a land trust, has your organization's board adopted the LTA's Standards and Practices? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
If a land trust, has your organization been accredited by the Land Trust Accreditation Commission? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A		
If yes, in what year? _____		
III. PROJECT INFORMATION		
Is this a line of credit or loan? _____		Is this an acquisition project? <input type="checkbox"/> Yes <input type="checkbox"/> No
Legal Name of Property Owner: _____		
County/ies: _____		State/Province: _____
Fee Acres: _____		Easement Acres: _____
TOTAL ACRES: _____		
Is this project part of a larger initiative, park, forest, trail, or wildlife refuge? <input type="checkbox"/> Yes <input type="checkbox"/> No		
If yes, what is the initiative? _____		
IV. VALUATION AND COSTS		
Fair Market Value: _____		Duration of Loan: _____
Purchase Price: _____		Source of Estimate: _____
Loan Amount: _____		Date Loan is Needed: _____
Under Contract? <input type="checkbox"/> Yes (attach contract) <input type="checkbox"/> No		Date contract expected: _____
V. LOAN COLLATERAL		
Proposed Collateral Description		Market Value
1. _____		_____
2. _____		_____
3. _____		_____
4. _____		_____
VI. PROJECT BUDGET		
<i>Acquisition Costs:</i>		
<i>Purchase Price:</i> _____		_____
<i>Due Diligence Costs (Title, Survey, Phase I, Appraisal):</i> _____		_____
<i>Stewardship Funds:</i> _____		_____
<i>Legal Fees and Closing Costs:</i> _____		_____
<b>Total Acquisition Costs:</b>		<b>\$ _____</b>
<i>Carrying Costs:</i>		
<i>Real Estate Property Taxes:</i> _____		_____
<i>Insurance / Utilities:</i> _____		_____
<b>Total Carrying Costs:</b>		<b>\$ _____</b>
<b>Total Costs:</b>		<b>\$ _____</b>
VII. LOAN REPAYMENT PLAN		
Source: _____	Amount: _____	Date available: _____
Source: _____	Amount: _____	Date available: _____
Source: _____	Amount: _____	Date available: _____
Source: _____	Amount: _____	Date available: _____
Source: _____	Amount: _____	Date available: _____



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## VII. Loan Application Checklist

Submit completed checklist and materials listed below with application. Indicate which items are included. If unavailable at the time of submission, provide date when the item will be provided.

### ***Project Property Specific***

***Check/Date Available***

Cover letter/project narrative on organizational letter head	
Completed Application	
Map: Regional Perspective	
Map: Aerial Photo and/or USGS topographic map	
2 or more representative photos	
Copy of appraisal for Project Property	
Most recent deed for Project Property	
Proposed conservation easement document, <i>if applicable</i>	
Phase I ESA or equivalent Environmental Site Assessment	
Survey (one full sized and one 8.5"x11")	
Title work and/or Title insurance commitment for Project Property	
Letter(s) of Commitment from "take out" sources	
Fundraising Plan including names of funders, target amounts, and dates of requests <i>(if private fundraising is any part of your loan repayment plan)</i>	

### ***Organizational Specific***

Current year's budget with balance sheet & income statement	
Previous 3 yrs. financial statements	
Previous 3 yrs. IRS Form 990's	
Certificate of Good Standing from Secretary of State	
Organizational By-laws	
IRS 501(c)(3) Letter of Determination	
Board Resolution authorizing the loan (see Model Board Resolution, p. 11)	
Most recent newsletter	

***Collateral Specific (if real property is proposed as collateral). For all other collateral, contact staff for requirements.***

Map: Regional Perspective	
Map: Aerial Photo and/or USGS topo	
2 or more representative photos	
Copy of Appraisal for Collateral Property	
Most recent deed for Collateral Property	
Phase I ESA or equivalent Environmental Site Assessment	
Survey (1 full sized and 1 8.5"x11")	
Title work & Title insurance commitment for Collateral Property <i>(The Conservation Fund will need to be added as an insured)</i>	
Board Resolution authorizing use of asset as collateral, <i>if applicable</i>	

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## VIII. Loan Time Line and Document Flow

<b><i>Provided By</i></b>	<b><i>Item To Be Provided</i></b>	<b><i>Date To Be Provided</i></b>
Borrower	<ul style="list-style-type: none"> <li>- Notify Conservation Loans staff of intent to apply.</li> </ul>	A minimum of 60 days prior to acquisition closing (extraordinary exceptions considered).
Borrower	<ul style="list-style-type: none"> <li>- Completed loan application package.</li> <li>- Date for acquisition closing.</li> </ul>	At least one week prior to Loan Committee meeting and a minimum of 40 days prior to acquisition closing (so that once the loan is approved, we have 30 days until loan closing.)
The Conservation Fund ("The Fund")	<ul style="list-style-type: none"> <li>- Loan commitment letter stating terms of loan and requesting consultation before press contact by borrower.</li> </ul>	Within two business days following loan approval by Loan Committee.
Borrower	<ul style="list-style-type: none"> <li>- Title commitment and underlying exception documents.</li> <li>- Closing lawyer's and/or title company's name and address and wiring instructions.</li> </ul>	At least two weeks prior to closing.
Borrower	<ul style="list-style-type: none"> <li>- Draft documents to be provided by borrower or borrower's council (security instruments and releases).</li> </ul>	One and a half to two weeks prior to closing.
The Fund	<ul style="list-style-type: none"> <li>- Draft promissory note.</li> </ul>	One week prior to closing.
The Fund / Borrower	<ul style="list-style-type: none"> <li>- Escrow instruction letter from the Fund to closing lawyer or title company.</li> <li>- Closing lawyer or title company executes and sends back.</li> </ul>	Day before or day of closing.

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IX. Model Board Resolution

**RESOLUTION**

**Of the Board of Directors of the \_\_\_\_\_**

WE HEREBY CERTIFY that we are all of Members of the Board of \_\_\_\_\_ (the "\_\_\_\_\_") a valid -----, in good standing, duly organized and existing under the laws of the State of ----; and that the following is a true and correct copy of a resolution duly adopted by agreement of the requisite number of Members in accordance with the \_\_\_\_\_ of the [land trust]'s, and that the same resolution is now in full force and effect.

BE IT RESOLVED THAT RESOLVED, that [name of Organization] is hereby authorized to borrow a sum not to exceed \_\_\_\_\_ from The Conservation Fund for the acquisition of \_\_\_ acres located in \_\_\_\_\_ County, \_\_\_\_\_, with the specific terms of interest not to exceed \_\_\_ % and a term of \_\_\_ years.

BE IT RESOLVED THAT RESOLVED, that \_\_\_\_\_ is hereby authorized and directed, for and on behalf of the [Organization], to execute, deliver and cause the [Organization] to [execute or pledge] as security for a loan in the amount of \_\_\_\_\_ from The Conservation Fund, dated \_\_\_\_\_, [a deed of trust or mortgage on the ---- property] [any and all cash, cash equivalents or marketable securities that are currently held in \_\_\_\_\_]; and to execute any and all other documents necessary or appropriate to give effect thereto, including but not limited to \_\_\_\_\_

WE FURTHER CERTIFY (i) that this Resolution and the acts contemplated by this Resolution are not inconsistent with the [Organization's] \_\_\_\_\_; (ii) that each of us has had a full and complete opportunity to inquire into all of the facts and circumstances deemed relevant to the Resolution; (iii) that each of us deems the pledging of certain assets to be in the best interests of the [land trust]; and (iv) that each of us does hereby waive any otherwise required notice of this action or other predicate to this Resolution, including, without limitation, to the extent applicable, notice of a meeting of Directors.

\_\_\_\_\_  
Date Director

\_\_\_\_\_  
Date Director