Memphis Small Business Opportunity Fund

**HISTORY:** Established in 2018 in collaboration with Memphis based Epicenter, Pathway Lending’s Memphis Small Business Opportunity Fund (MSBOF) provides loans to underserved small business owners throughout the Memphis MSA. The MSBOF was launched in May of 2018 with an initial capitalization of $16 million.

**GEOGRAPHY SERVED:** Memphis MSA  
Tennessee Counties: Shelby, Fayette, and Tipton  
Mississippi Counties: Tunica, DeSoto Tate, Marshall, and Benton  
Arkansas County: Crittenden

**INITIAL MSBOF CAPITALIZATION:**

- Loan Loss Reserve: $1MM
- Capital for TN Portion of MSA: $10MM
- Capital for TN, MS and AR: $5MM
- **TOTAL CAPITALIZATION** $16MM

**Requested Investment Types:**

**Option 1: Limited Risk**

10 year Unsecured Subordinated Loan (Equity Equivalent Agreement provides CRA Investment or Community Development Loan Test Credit. Bank receives a 10% per year Sate of TN Franchise and Excise tax credit for 10 years (allows principal to be repaid through the F & E tax credit over 10 years). Lender receives a 3% annual interest rate. Available for Tennessee portion of MSA only for CRA purposes.

**Option 2: Higher Return**

10 Year Unsecured Subordinated Loan (Equity Equivalent Agreement) – CRA Investment Test or Community Development Loan Test Credit. Bank provides loan at Prime -4 and receives a 5% annual Franchise and Excise tax credit under the Tennessee Community Investment Tax Credit. Available for Tennessee portion of MSA only for CRA purposes.

**Option 3: Traditional Borrowing**

10 Year Unsecured Subordinated Loan (Equity Equivalent Agreement) – CRA Investment Test or Community Development Loan Test Credit. Bank provides loan at 3% annual interest rate. Available for entire Memphis MSA including Mississippi and Arkansas counties for CRA purposes.