

# 2025 Financial Management Conference

## Workouts – Lender and Investor Perspectives (and an Owner who snuck in)

**Moderator:** Dana Moore, Compass Advisors

**Kimberly Stephenson**, Director - Asset Resolution, National Equity Fund

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**STRENGTHMATTERS**<sup>®</sup>



# Continuing Professional Education (CPEs) Requirements for CPAs

- Please find the **SESSION HOST** to **SIGN IN** at the beginning and **SIGN OUT** at the end of every session. We use that attendance log to verify your participation for CPE credits.
- Please **submit all conference evaluations**. Evaluation links are emailed to registrants daily. The session host monitoring the sign-in process has paper evaluations if you prefer.
- For more information on CPE credits, contact Lindsay Wells at [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com).

# Agenda

- Introductions
- Review **Learning Objectives**
- Overview of session plan and timing
- Q&A
- Wrap up

# Learning Objectives

- Discuss strategies and approaches for successfully engaging your lenders and investors in the resolution of a problem property.

# Questions

- We will pause during presentation and again at the end for Q&A but will start the session by asking you a question.

# Polling Question 1

- *Are any of your organizations actively engaged in or thinking about approaching your partners to address a “workout” on a property? By show of hands after each possible answer.*
  - A. *Not engaged or thinking about approaching our partners*
  - B. *Actively thinking about but have not yet approached our partners*
  - C. *Ready to make our first call to engage with our lenders and investors*
  - D. *Already engaged in or have previously conducted a workout*

# STRATEGIC PRIORITIES



DRIVE INNOVATION



CREATE IMPACT THROUGH LIHTC INVESTMENT



INVEST IN PEOPLE AND RESOURCES

## NEF MISSION & VISION

National Equity Fund's mission is to create and deliver innovative, collaborative financial solutions to expand the creation and preservation of affordable housing.

We envision a society where increased access to affordable housing empowers every individual and family to reach their full potential.

# NATIONAL EQUITY FUND OVERVIEW



National Equity Fund, Inc. (NEF) is a leading non-profit, multi-family, affordable, real estate investment manager with a mission to create and deliver innovative, collaborative financial solutions to expand the creation and preservation of affordable housing.

Since being founded in 1987 by our affiliate, the Local Initiatives Support Corporation (LISC), we have played an integral role in creating affordable housing options, revitalizing communities and strengthening local economies.

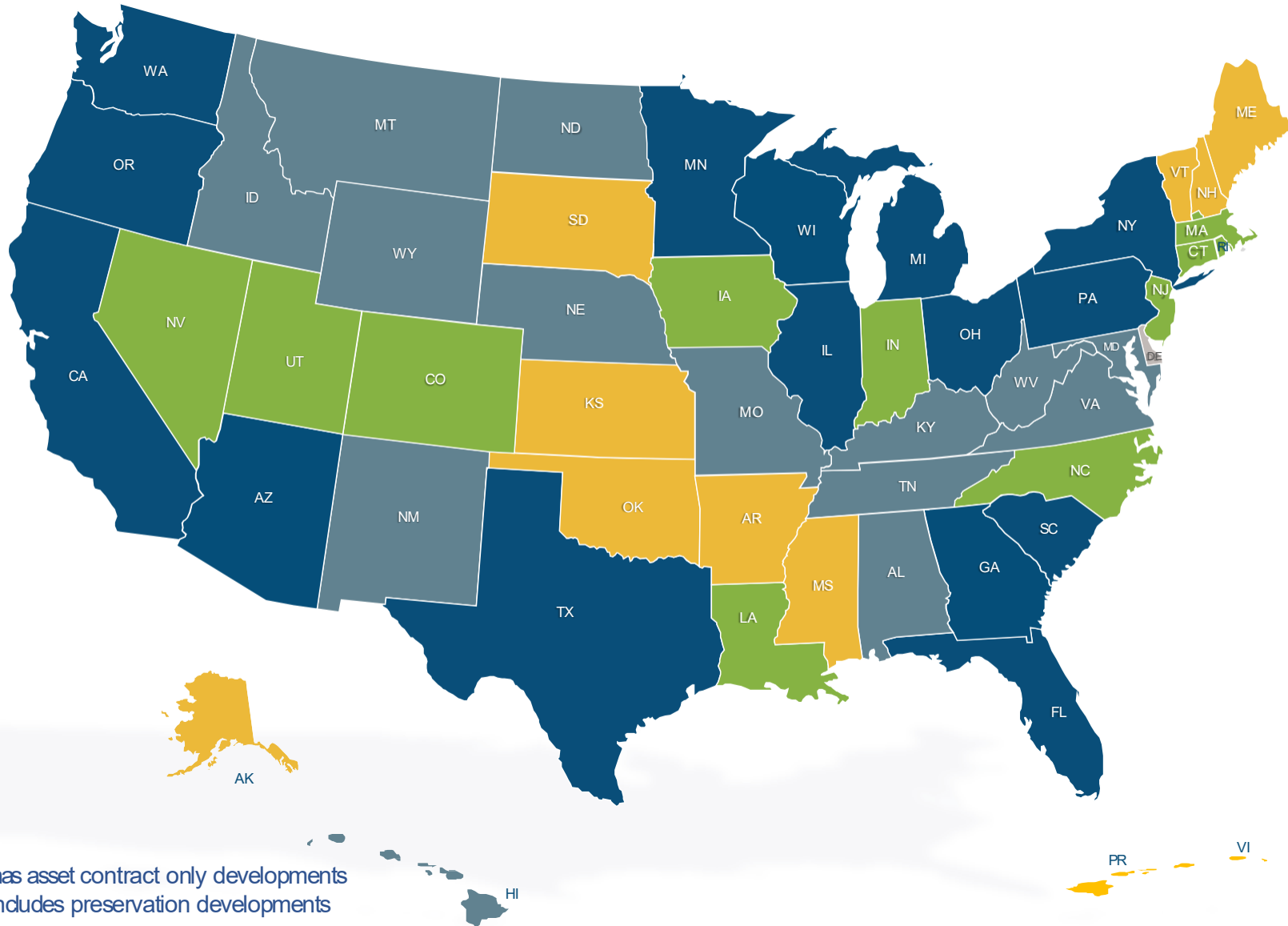
Our investments total \$27.2 billion in 3,345 developments, which created 260,000 affordable homes for low-income families and individuals. Headquartered in Chicago, with offices in eight cities and approximately 200 employees, NEF is consistently one of the top three Low Income Housing Tax Credit (LIHTC) syndicators, and the largest non-profit syndicator.

## What We Do:

- **Low-income Housing Tax Credits** have helped fund more than 2.7 million affordable homes.
- **Pre-Development Lending** provides developers with funds to cover critical costs before construction closing.
- **Moderate Income (WFH) Debt & Equity** provides capital investments in new and existing housing to close the affordable housing gap for moderate-income individuals and families.
- **Preservation Debt & Equity** offers project financing to enable prospective and current partners to preserve existing affordable housing.
- **Agency/FHA Debt** protects our investment partners through a broad range of permanent loan solutions.



# NEF INVESTMENT PORTFOLIO



- \$500M - \$5.1B
- \$200M - \$500M
- \$50M - \$200M
- \$2M - \$50M\*
- No Active Properties

As of December 31, 2024

\*AK has asset contract only developments  
Map includes preservation developments

# COMMUNICATE

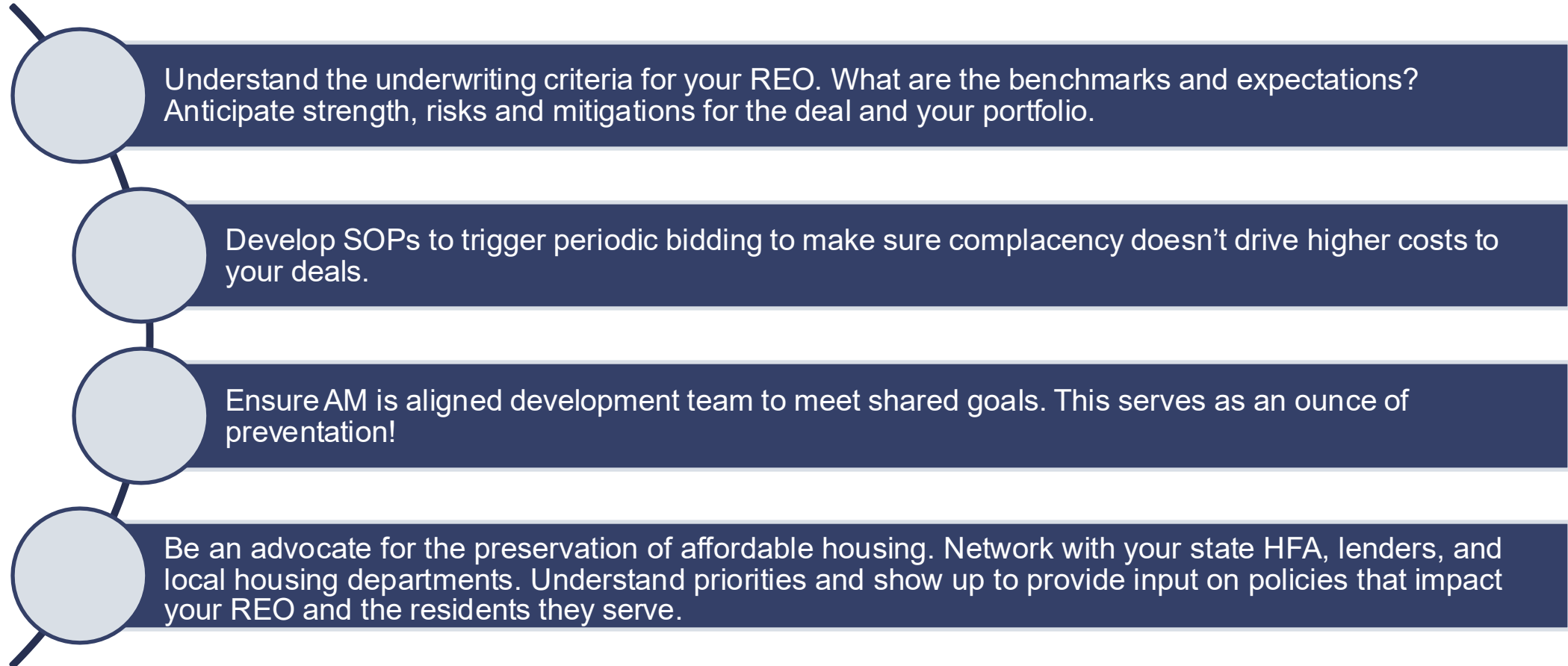
- Effective and transparent discussions at all stages of the deal. Ask questions and involve internal colleagues and external partners sooner rather than later.
- Effective Property Management, Resident Services & AM coordination is vital.
- How is the information for each asset managed? Is there detailed tracking with key historic information and benchmarks to ensure continuity if staff changes?
- Compare layered financing agreements. If agreements are out of sync, it can take options off the table. Don't catastrophize but contemplate what you would need if things don't work out as planned.
- What tools do you have available in a worst-case scenario? How prepared is your team to uphold their guarantees and maintain their liquidity requirements?

# INVESTIGATE

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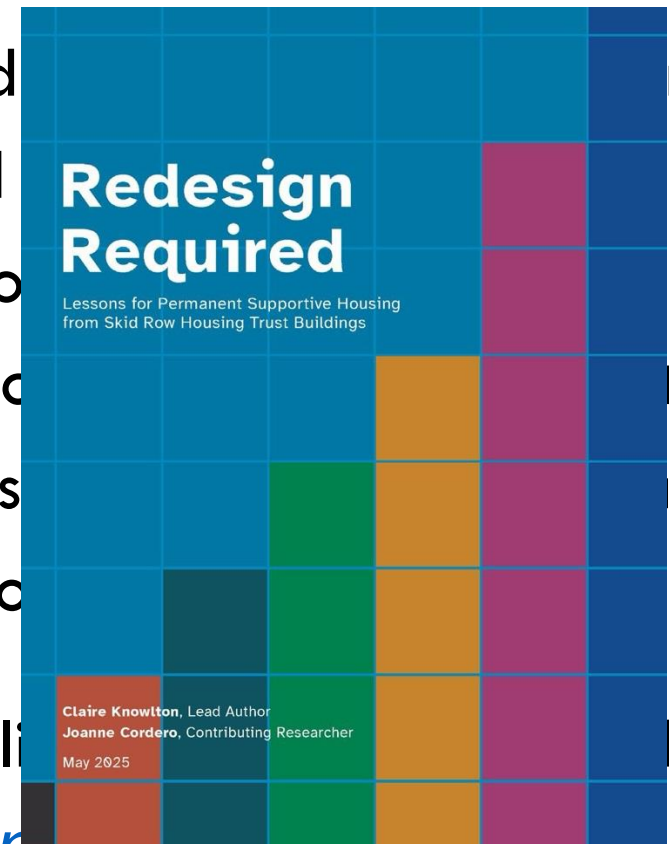
- Be proactive when AM sees red flags. Don't defer problems.
- Read you LPA, loan documents, and the associated Regulatory Agreements! This will help you understand what you can and cannot do and what consents you need.
- Anticipate long-term REO needs. Consider budgeting a 5-year hold period after Y-15 plus ongoing maintenance.
- Analyze PA/ROFR agreements. Know your options!
- Run internal stress tests based on market shifts, capital improvement concerns, or impacts to organizational financial strength

# STRATEGIZE



# Case Study: Redesign Required

- The 2023 closure of Skid Row Housing Trust shocked the affordable housing community. Once considered permanent supportive housing (PSH), the Trust was no longer sustainable. What were the financial and economic causes of the collapse? And what can the Trust's closure teach the sector about sustainably funding and operating permanent supportive housing?
- Learn about the contributing factors and their implications in an exclusive report: [Redesign Required: Lessons for Permanent Supportive Housing from Skid Row Housing Trust Buildings.](#)



# Polling Question 2

- *Do you have a clear sense of the problem and a plan to discuss with your lender/investor? By show of hands after each possible answer.*
  - A. *Clear sense of problem, no plan (not sure what to ask for)*
  - B. *Clear sense of problem, clear plan*
  - C. *No clarity and no plan*
  - D. *I'm in a fox hole*

# Polling Question 3

- *Do you understand your leverage in the transaction? By show of hands after each possible answer.*

A. Yes

B. No

# Polling Question 4

- *Which of the steps below, if pursued diligently, set your organization up for a successful interaction with your lender/investor? By show of hands after each possible answer.*
  - A. *Communicate*
  - B. *Investigate*
  - C. *Strategize*
  - D. *All of the above*

# Polling Question 5

- *Do you now have a concrete set of action steps and a framework to discuss your problem with your partner? By show of hands after each possible answer.*
  - A. Yes
  - B. No

# Evaluation Reminder

- Please submit all conference evaluations.
- Look for the electronic evaluation link in your email.
- Contact [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com) if you do not receive the link.

# CONTACT INFORMATION

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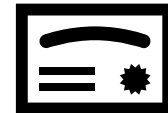
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