## Detroit Housing for the Future Fund (DHFF)

**Product Description: Low Interest Subordinate Mini-Perm Loan**

### Problem Statement:
- Many regulated affordable housing projects in Detroit are reaching expiration
- Owners of NOAH buildings typically do not have access to mainstream financing products
- Some projects are able to service debt products subordinate to conventional financing
- Product will reduce the need for additional subsidy sources and provide long term capital at discounted interest

### Product Description:
- Subordinate loan
- Allows for refinancing of existing debt.
- Intended for multifamily buildings of 75 units or less, but not exclusively
- Renovation costs projected at moderate level per unit

### Affordability Covenants
- Minimum affordability requirements:
  - At least 50% of units must be at 80% AMI or below
  - Remaining 50% of units at 120% AMI or below
- Deeper affordability is encouraged and will be scored higher
- Will preserve affordability requirements for existing regulated projects

### Eligible Borrowers:
- Owners or purchasers of existing regulated projects willing to preserve unit affordability as set through loan covenants
- Owners or purchasers of NOAH buildings willing to meet affordability requirements
- For-profit or Nonprofit
- Small/newer developers who are partnered with experienced development consultants

### Geographic Deployment:
- Properties must be located within Detroit city limits

### Pricing
- No less than 3.5%

### Key Underwriting Guidelines:
- Amount: Up to $2 million
- Term: Up to 15 years
- Amortization Period: Up to 30 years
- Interest Only Period: Up to 1 year for construction period with exceptions for longer construction periods
- LTV: Up to 95% (global)
- Debt Coverage Ratio: 1.05
- Developer Equity: Minimum 5% for nonprofit; 5-10% for for-profit
- Guarantees: Joint & Several Payment Guarantee (if for-profit). Corporate Guarantee from project sponsoring organization (if nonprofit)
- Recourse: To borrower entity
- Security: Subordinate lien, additional collateral package to be negotiated on deal-by-deal basis
- Due diligence materials: as required by DHFF underwriters

### Repayment Source:
- Monthly Interest Payments during Construction
- Monthly Principal & Interest Payments during Term
- Refinance of Outstanding Principal at Maturity

### Borrower Fees:
- Origination: 1%
- Legal: Reimbursed by borrower, eligible from loan proceeds

### Contact Information:
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