



LOAN REVIEW PROCESS

The Housing Fund is a Mission-driven short-term lender. Our Mission is to provide resources and creative leadership to help individuals and communities create and maintain affordable and healthy places to live. We provide financing for affordable housing development projects, live/work space for low-to-moderate income artists, and commercial/community facilities.

The Housing Fund does not make grants. All loans must be repaid.

REVIEW PROCESS

The Housing Fund considers each applicant's project feasibility, management and financial strength, as well as community impact, when evaluating loan requests. In reviewing applications, THF staff weighs the overall impact of the loan on the community and organization.

Financial Strength

Our primary concern is that the loan will be repaid. We consider the accuracy in cash flow projections and the plan for repayment of the loan including a commitment or letter of interest from a financial institution. We also take into consideration the value of collateral and where THF would stand relative to other lenders (lien positions).

Community Impact

Each project must result in a significant benefit to low-to-moderate income people in terms of employment, housing or services provided. The applicant needs to clearly define the goals of the project and how the goals relate to an overall community development strategy, are supported by the community or local government and the specific benefits that result from the project.

Borrower/Organizational Strength

We are interested in ensuring that the borrower is able to undertake the project for which the loan is requested. We consider the qualifications and experience of the borrower, creditworthiness, history with similar projects and borrower's ability to budget, predict and meet cash flow needs for those projects, and borrower's ability to keep timely and accurate financial records.

STEPS IN LOAN APPLICATION PROCESS

The process for loan approval generally takes 2-3 months after the application is submitted.

Loan fees of 0.5% to non-profits, and 1% to for-profits will be charged to all borrowers.

1. Loan Inquiry

Before submitting an application, you must discuss your project with a member of THF's Lending Team.

2. Application

Fill out the application and return it, with the requested attachments, to THF. An application is not considered complete until all requested attachments and application fee are received.

Generally, loan applications are considered in the order in which they are received. An incomplete loan application will delay review.

3. Underwriting

During the weeks following receipt of your application, we will visit the project site, clear up unresolved issues, check references and obtain any other information needed to analyze and underwrite the loan request.

4. Loan Approval

After the application and supporting documents are analyzed by the lender and Credit Administration, it is presented for review and approval. A decision will be made to reject the loan request, table the discussion pending more information, or approve the loan, generally with conditions. You will be notified of the action shortly after the meeting.

5. Term Sheet

If financing is approved, you will be notified with a Term Sheet. This letter will state the specific terms and conditions of the credit. You must return the signed Term Sheet to THF within the time period noted in the letter.

6. Approval

Some loans may require additional approval from the Board of Directors. Board meetings held every other month (odd months of the calendar year).

7. Pre-Closing Documents

Upon receipt of the signed Term Sheet, THF will work with our attorneys to prepare all loan closing documents and filings. You will receive various documents, including, but not limited to, a promissory note, as well as security and collateral agreements. Once the agreements are acceptable to all parties, the loan can be closed and the funds disbursed as outlined in the disbursement requirements.

All conditions noted on the Term Sheet must be met prior to closing.

8. Booking, Repayment and Monitoring

Typically, you will be required to make monthly payments to THF, and submit certain periodic reports and financial statements. These requirements will be detailed in the Term Sheet and loan documents. We will keep in touch with you via email, telephone, and in person throughout the life of the loan.