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Program Highlights:

- Acquisition, creation and preservation financing to very low to moderate-income housing projects.
- Gap financing available to non-profit and public housing agencies, as well as for-profit developers.
- Pre-development and mezzanine debt placements.
- Secured, unsecured, single-advance, revolving and draw terms available.
- Rental and For-Sale projects accepted.
- Mixed-income, mixed-use projects accepted.
- Timely underwriting with emphasis on local needs and conditions.
- Compliments other FP programs and third-party services.
- Available throughout Colorado.

Funding Partners

Who is Funding Partners?

Incorporated in 1996 as a 501c3 non-profit and subsequently certified as a Community Development Financial Institution (CDFI) in 1999 by the Department of the Treasury, Funding Partners (FP) is governed by a volunteer Board of Trustees representing human service providers, housing agencies, public officials, private enterprise and financial institutions.

As a CDFI, FP is charged with creating access to capital and credit within underserved markets and among target populations throughout Colorado. Attracting long term investments from units of government, corporations, foundations, associations and banking institutions, FP pursues its mission through lending activity which places below-market capital into projects and entities that expand availability of residential units deemed affordable for very low to moderate-income households.

Administering two revolving loan pools, FP is able to assist first-time homebuyers with down payment assistance through the House to Home Ownership (H2O) Program®, while the Mammel Affordable Housing Loan Fund (MAHLF) provides pre-development, acquisition and gap financing to individuals and organizations that create, rehabilitate or otherwise preserve both rental and for-sale housing for families below the median income level. FP also provides third-party loan servicing for other entities seeking to reach similar markets with greater efficiency at minimal expense. Ultimately, FP provides a highly effective conduit to connect households with traditional financial service providers.

FP has originated over 900 down payment assistance loans, while funding 45 projects for aggregate loan production in excess of $15 million, encompassing over 2,500 residential units.

With minimal limitations imposed by sources of funding, FP loan products are tailored to meet the needs of individual projects and those entities that serve our target markets.

What is the Definition of 'Affordable'?

FP recognizes that the term 'affordable' can be defined very differently, based upon the geographic market and socio-economic population represented. Generally, housing is considered affordable when no more than 30% of gross monthly income is expended to rent a unit, or 38% of income to own a unit (PITI). Utilities, maintenance and other consumer obligations are not considered.

FP intends to serve households at, or below, 80% of Area Median Income (AMI), which is published annually by HUD for each county in the country. The raw number is factored to determine the median based upon to the number of occupants the unit is designed to accommodate. For that purpose, each legal bedroom represents 1.5 occupants, rounded up. Studio apartments are considered single-occupancy.

Proposed rent for each unit configuration is compared to the median income, adjusted for the corresponding household size, to determine the income level served by the project and number of units at each level. Rents priced above 60% of AMI are considered 'market rate' in most geographic markets and may not be considered 'affordable' under program guidelines.

For sale housing is considered 'affordable' where the debt service, using a 30-year amortization schedule and projected interest rate at the time of delivery, plus taxes, insurances, and HOA fees result in a housing payment that falls at or below 38% of monthly income for the number unit occupants. The projected debt service may be reduced to the point of affordability using subordinate financing or other methods of deferring or mitigating expense to the potential home buyer. The FP H2O product is one option.

Three questions define the MAHLF underwriting process:

"Will the proposed project address the needs of the local market?'"
"Has the applicant assembled a team capable of delivering a quality project?"

"Is there strong evidence of loan performance?"

More than *just* a financial institution, FP has the ability to bring other resources to a project that can help answer all three questions!

What Qualifies as an Affordable Project?

Any entity that proposes to develop, rehabilitate, acquire or otherwise preserve housing units that fall within the definition described previously is eligible to apply for funding under the MAHLF program. All loan requests undergo the same level of scrutiny and feasibility determination regardless of whether the applicant is a non-profit, public agency or private interest.

In determining whether a proposed project is eligible under the program, FP will consider the conditions of the local market served by the project, demonstrated need for the number of units proposed, as well as the housing type and bedroom configuration of the proposed units. In other words, FP attempts to determine whether the applicant has adequately assessed market demand for the proposed project and whether the end product addresses that demand.

While factors to determine whether a project is 'affordable' may be quite subjective, there are certain tests which will help indicate whether a project is attractive to FP.

- Will the project serve the needs of the local community or simply lower the housing cost component to households that work, shop and attend school elsewhere?

Projects that serve the needs of the local community or market area are preferred over those which promote commuting.

- Are the number of units designated to lower income households in adequate proportion to the total number of units in the project?

Certain markets may not be conducive to 100% affordability within a project, though the level of funding requested should be in line with the ratio of affordable units.

- Does the project provide long-term affordability?

A project is not required to demonstrate affordability for a set period of time through covenants, deed restrictions or other methods, though funding priority is given to those projects designed to extend lower costs beyond the initial occupant or buyer.

- Does the project enhance quality of life among lower income populations?

Beyond the cost component, a project should demonstrate value to the resident; a safe, decent environment; appropriate living space; and, access to consumer and other services that target residents.

- Is the applicant committed to delivering a quality project?

The reputation of FP is just as important as the integrity of the project itself. Lasting value in project design is a priority.

Loan Structure & Terms

The MAHLF program is designed to be highly adaptive to requirements of the individual project, where loan structure, term and pricing are established according to an assessment of several factors. Generally, loans will have a term of 24 months or less; carry an interest rate below that offered by traditional financial institutions; assume a subordinate collateral position; and, defer interest and/or principal repayment.

Single advance, construction draw and revolving credit lines are available.

Loans may be unsecured, secured by the subject property, or assignment of interest in partnerships or other real estate, depending upon the strength of the application and pricing requirements of the project. In almost all cases, FP will subordinate behind other creditors to enhance the overall cost of financing. Because FP has limited capacity to conduct regular site inspections across the state, construction loans must be issued in conjunction with a separate organization that is better able to monitor status while providing lien waiver protections.

While traditional methods of risk mitigation and financial analysis of the project and applicant are employed by FP, qualitative assessments are utilized to determine loan structure and pricing. The initial screening device involves input from the applicant: What can the project support? From that response, FP will attempt to reach the applicant's desired terms, or provide a term sheet that represents an aggressive, yet prudent counter-offer that balances the organizational mission, fiduciary responsibility to community constituents and FP loan fund investors.

Application Process

Any organization or individual is eligible to apply for funding under the MAHLF program, provided the use of funds can be attributed to creation or preservation of housing units designated for households earning 80% or less of the Area Median Income (AMI).

The MAHLF application form can be retrieved from our website at : www.fundingpartners.org/pdf/chs_application.pdf

Applicants will be asked to provide a brief description of the project, use of funds, identification of the borrower and source of repayment. A supplemental list of supporting documentation is also provided, among which the applicant will find requested items that either do not pertain to the proposed project, or will be obtained through use of the requested funds. However, a critical component of all applications is a narrative description of project objectives, financial projections, identification of project participants, source(s) of repayment and contingency plans. Applicants will provide as much of the documentation list as practical and submit the application to FP for processing. Within 3-4 days, an FP representative will contact the applicant to discuss project particulars in greater detail and request any additional information necessary to complete the underwriting process.

Dependent upon loan request parameters, underwriting decisions may be made at staff level, referred to the FP Loan Committee or referred further to the FP Board of Trustees. Most underwriting decisions are made at the Loan Committee level, with final determinations communicated to the applicant within 30 days or less from application submittal.

Upon credit determination, a formal loan commitment is issued to the applicant and closing arrangements are finalized between parties. FP prepares all loan documents in house, submits electronic versions to the borrower and/or legal representative for review prior to execution, and works directly with the closing agent to affect final settlement. Proceeds are typically wired direct to the closing agent on the day of settlement.

All loans originated by FP are serviced in house through the life of the loan. Depending upon several factors, FP reserves the right to participate the loan with other institutions or sell its interest outright while retaining all loan servicing obligations.

The Mammel Affordable Housing Loan Fund is named to honor the memory and commitment of Gary A. Mammel. A champion for safe, decent housing that is affordable to all Coloradans.

Resources

FP recognizes that not all applicants are fully capable of identifying, analyzing, defining, implementing and completing housing projects, particularly in rural areas where resources are more scarce. Through numerous partnerships, FP is able to facilitate successful projects from concept to final disposition while maintaining a distinct connection to the local community.

The following is a brief outline of the added capacity FP can bring to your efforts in serving low income communities:

Project Definition

To adequately identify and assess the most effective means for serving the housing needs of a community, FP will refer highly qualified individuals and companies who understand available options, project structure and organization of the public input process.

Analysis & Financing

FP can provide tools as fundamental as spreadsheet forms for internal management, up to and including referrals to practitioners with considerable expertise in financial structure.

Market Feasibility

Identifying a project with appropriate financing will only be effective where market conditions and consumer trends support the proposed product. FP works with market and economic professionals who can help define the project with greater clarity.

Project Management

From architect selection to ongoing site management, FP is connected to those resources that can bring greater assurance to all participants that the project will reach the intended audience with the intended results.

Education

Whether it's the local project team needing intensive training or a series of trainings for new home buyers, FP is able to coordinate the necessary resources for project success.

Funding Partners

214 S. College Avenue
2nd Floor
Fort Collins, CO 80524-2870

Phone: 970.494.2021
Fax: 970.494.2022
E-mail: joe@fundingpartners.org

Creating Access to Capital & Credit To Low-Income Communities Across Colorado

Funding Partners is committed to serving the needs of households earning less than the median income, often described as our primary workforce where the prevailing wage is $18 per hour, or less. As a state, Colorado attracts new residents from around the country and throughout the world because of the mild climate, dramatic scenery and vibrant lifestyle. Unfortunately, this dynamic forces the cost of real estate to escalate faster than prevailing wages, ultimately reducing the buying power of the typical family: smaller housing units with fewer amenities. This also causes migration to outlying areas that are farther from work, school, public facilities and service providers, further aggravating an already strained transportation and public infrastructure systems.

This declining sense of community can't be eliminated, but is effectively addressed through FP and complimentary programs. Learn more and get connected!

Visit our website at
www.fundingpartners.org

Sample Projects

The following is a sample demonstration of how MAHLF has been used to complete projects that otherwise may not have been accomplished.

- The Rocky Mountain Community Land Trust in Colorado Springs had the opportunity to acquire 7 single-family homes at nominal expense. However, each home was within a designated hazard area and needed to be relocated to an infill development site. Financing was readily available for site work and final preparation, though lenders were reluctant to finance the relocation expense. FP provided a $100,000 unsecured line of credit to complete the project .
- Thistle Community Housing looked to acquire a 287-unit rental project in Northglenn and reserve many of the units for very low income households. To qualify for a $12.75 million bank financing package and public investment, a $500,000 gap loan was necessary to execute the transaction. Unlike traditional lenders, FP was able to accept subsequent grant applications as the source of the gap loan repayment while deferring interest payment until the property was stabilized.
- Hendricks Communities, a for-profit developer, was granted private activity bond capacity in the amount of $4.5million to develop a 193-unit rental project in Fort Collins. Hendricks was able to use commercial financing to acquire two of the four parcels, but needed greater leverage for final assembly and engineering expenses. FP was able to provide a $600,000 loan with interest-only payments and a term long enough for rental market conditions to recover.
- The INN Between of Longmont needed to expand their inventory of transitional housing units to meet the growing demand for services to victims of domestic violence and previously homeless adults and youth in Boulder County. FP was able to provide acquisition gap financing in the amount of $242,500 with annual principal and interest repayment tied to receipts from a county-wide sales tax program over a three-year period.
- West Nevada Place Townhomes LLC received Low Income Housing Tax Credits to develop a 22-unit rental project in West Denver using modular constructed units. Commercial financing was used to complete construction, but the $3million project could not move forward without the funds necessary to pay the manufacturer once the units left the factory. An FP loan for $195,00, secured by a subordinate interest in the subject property, allowed the developer to take delivery.