

Durham Affordable Housing Loan Fund

We underwrite each project individually, but the information below provides a point of reference for fund loan parameters.

Change Maker – Revolving Bridge Financing for Affordable Housing Properties

Description	The “Change Maker” revolving product is designed to bridge both a) existing multifamily (5+ unit) housing or land for multifamily development and b) smaller buildings and scattered-site single-family properties to take-out financing that will preserve affordability.
Eligible Borrowers	Nonprofit entities, housing authorities, and development teams comprised of such entities, and affiliated special-purpose entities. Borrowers must have recent, relevant affordable housing development experience. For profit organizations may apply only in partnership with an eligible, experienced nonprofit or housing authority.
Eligible Purposes	Acquisition and closing costs, with limited predevelopment or urgent repairs to stabilize the property/properties. Properties must be located within the City of Durham, North Carolina.
Loan Amount & Loan-to-Value	A minimum of \$200,000 and up to the lesser of (1) \$2,500,000 or 100% of the lesser of: (2) the as-is appraised value or (3) the purchase price. If needed, up to an additional 10% of the appraised value may be considered to fund urgent repairs and/or predevelopment expenses.
Affordable Housing Requirements	At origination, borrowers must have a feasible business plan demonstrating the Project will create or preserve affordable housing units per the definitions below, actively work towards executing this business plan during the term of the loan and agree to accept recorded affordability covenants on the property at the time of refinancing to preserve affordability.
Affordability Definitions	• Affordable rental units must serve households at or below 60% Area Median Income (AMI). • Affordable for-sale units must serve households at or below 80% AMI. • Affordability is based on households paying no more than 30% of gross income on housing related expenses. • Mixed income developments are eligible and will be considered on a case-by-case basis based on the level of affordability proposed. At a minimum, 50% of units must be affordable to 80% AMI households.
Term	Up to five years. Payments will be interest only during the term.
DSCR	Projected Debt Service Coverage Ratio (DSCR) of 1.1:1.0 during the loan term based on all loans. May be waived if the Borrower/Guarantor has sufficient cash flow and/or liquidity to demonstrate a projected DSCR of 1.2:1.0 on the Borrower’s total debt to include the loan for the financed property.
Pricing	The interest rate will be fixed for the term of the loan at 3.40%.
Prepayment	No prepayment premium.
Fees	• Origination fee: 1.0%, half due as commitment fee upon approval of loan • Application fee: \$2,500, non-refundable & due prior to underwriting, credited against origination fee.
Guaranty	• A payment and performance guaranty is required of the corporate parent(s) or sponsor of the borrower and principals of any for-profit borrower, corporate parent or sponsor.