THE HOUSING FUND

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COMMUNITY & ECONOMIC DEVELOPMENT LENDING

The Housing Fund is a mission-driven, short-term lender. We help to finance affordable-housing development projects and commercial/community facilities.

Uses	Affordable-housing Development projects: Increasing affordable housing for rent or own. U.S. HUD defines "affordable" as homes accessible to those with annual household incomes at or below 80% of an Area's Median Income (AMI)
	Commercial/Community Facilities: Located in low or moderate-income Census tracts or serving LMI client bases
Location	THF lends for projects sited in Tennessee only
Amount	Up to 90% of approved costs or 80% of acceptable appraised value
Term	Loan Repayment terms are based on the individual project
Rates	Determined on a Project-by-Project Basis, or Nonprofit: Prime; For-Profit: Prime + 1%
Eligible Costs	Acquisition, construction, infrastructure, soft costs, closing costs.
Fees	Nonprofit Developers: 1/2% origination fee
	For-Profit Developers: 1% origination fee
Debt Service Ratios	Minimum of 1.15
Borrower Equity	Borrower must fund at least 10% of the approved project costs
Collateral	Required. Real Estate *(preferred)*, Deed or Trust Assignment, or Tax-Credit Assignment
Total Indebtedness	Cannot exceed 25% of THF's net assets

CONTACT:
LOU EVANS

Levans@thehousingfund.org
615-695-2548



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DEVELOPMENT LENDING LOAN REVIEW PROCESS

1. LOAN INQUIRY

The loan review process takes around 2-3 months after a *complete* application is submitted. Prior to submitting, discuss your project with someone from THF's CED Team.



2. APPLICATION

Fill out/Return a **complete** application, including the application fee and **ALL** required attachments. Applications are considered in the order in which they're received; an incomplete application will delay review.



3. UNDERWRITING

In the weeks following receipt of a complete application, THF visits the project site, clarifies unresolved issues, checks references, obtains other information needed to analyze/underwrite the loan.



4. LOAN APPROVAL

After an application is analyzed by Lender/Credit Administration, it's presented for review & approval. A decision is made: 1) Reject; 2) Table discussion pending receipt of more information; 3) Approve, generally with conditions. Notification of any decision occurs almost immediately.



5. TERM SHEET

If financing is approved, you will be notified with a Term Sheet. This letter will state the specific Terms & Conditions of credit extended. Return your signed Term Sheet within the time period noted by letter.



6. BOARD REVIEW

Some loans may require additional review/approval from THF's Board of Directors. The BOD's Loan Committee meets monthly; the full THF Board meets quarterly.



7. PRE-CLOSING DOCUMENTS

All Term Sheet conditions *must* be met prior to closing. Upon receipt of a signed Term Sheet, THF's legal counsel helps prepare closing documents/filings. Documents you will receive include (but are not limited to): Promissory note, security and collateral agreements. Once agreements are accepted by all, the loan can be closed and funds disbursed as outlined in the disbursement requirements.



8. BOOKING, REPAYMENT & MONITORING

As detailed in your Term Sheet and loan documents, payments should be made to THF monthly, with certain reports and financial statements also submitted periodically. THF staff will remain in touch (via email, phone, in-person) throughout the life of your loan.



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AFFORDABLE HOUSING PARAMETERS

What qualifies as “affordable” housing is dependent on a given household’s annual earnings, as well as the property’s geographic location.

On Community and Economic Development projects, The Housing Fund will often tie capital investment to proposals that include an allotment of “affordable” [as defined by the U.S. Dept. of Housing & Urban Development] rental or homeownership units.

To partner with The Housing Fund on a development that, for example, will include units intended for participation in THF’s Shared Equity **homeownership** program, below are max sales prices for Tennessee’s largest urban areas:

2025 THF Maximum Sales Price					
# of Bedrooms:	Nashville MSA	Knoxville MSA	Memphis MSA	Chattanooga MSA	Clarksville MSA
1-Bedroom:	$ 301,000	$ 251,000	$ 225,000	$ 239,000	$ 214,000
2-Bedroom:	$ 347,000	$ 291,000	$ 262,000	$ 277,000	$ 249,000
3-Bedroom:	$ 393,000	$ 331,000	$ 298,000	$ 315,000	$ 284,000
4-Bedroom:	$ 429,500	$ 363,000	$ 327,000	$ 346,000	$ 312,000

To partner with THF on a development that, for example, will include **rental** units intended for low- and moderate-income individuals/families, below are HUD’s Fair Market Rent definitions for Tennessee’s largest urban areas:

2025 HUD Fair Market Rent					
# of Bedrooms:	Nashville MSA	Knoxville MSA	Memphis MSA	Chattanooga MSA	Clarksville MSA
Efficiency:	$ 1,589	$ 1,256	$ 1,105	$ 1,231	$ 916
1-Bedroom:	$ 1,650	$ 1,264	$ 1,207	$ 1,284	$ 976
2-Bedroom:	$ 1,827	$ 1,548	$ 1,355	$ 1,426	$ 1,229
3-Bedroom:	$ 2,308	$ 1,989	$ 1,781	$ 1,796	$ 1,722
4-Bedroom:	$ 2,840	$ 2,335	$ 2,086	$ 1,942	$ 2,064