

The Reinvestment Fund

Advanced Topics in Housing Finance:
A Seminar for Habitat Affiliates
June 24, 2011



THE REINVESTMENT FUND
Capital at the point of impact.



CDFIs are private sector, mission-driven financial intermediaries with a “double bottom line.”

- Community development banks
- Community development loan funds
- Community development credit unions
- Microenterprise funds
- Community development corporation-based lenders and investors,
- Community development venture funds

More than 800 CDFIs have been certified by the CDFI Fund in the US Treasury Department.



Community Development Financial Institutions

CDFIs raise capital from individuals, religious institutions, banks, corporations, private foundations and the Federal CDFI Fund.

CDFIs offer loans for:

- housing
- community facilities
- local businesses
- schools



The Reinvestment Fund builds wealth and opportunity for low-wealth people and places through the promotion of socially and environmentally responsible development.

TRF uses its experience and information to apply capital where it can have the maximum financial and social impact:

- residential and commercial real estate development that reclaim and revitalize neighborhoods
- businesses and community facilities that can provide value and opportunity to neighborhood residents

- **\$1 billion** in cumulative investments and loans throughout the mid-Atlantic
- Currently manage **\$700 million** in capital, with nearly 830 investors

Business Lines



Lending and Investing



Policy & Information Services



Real Estate Development

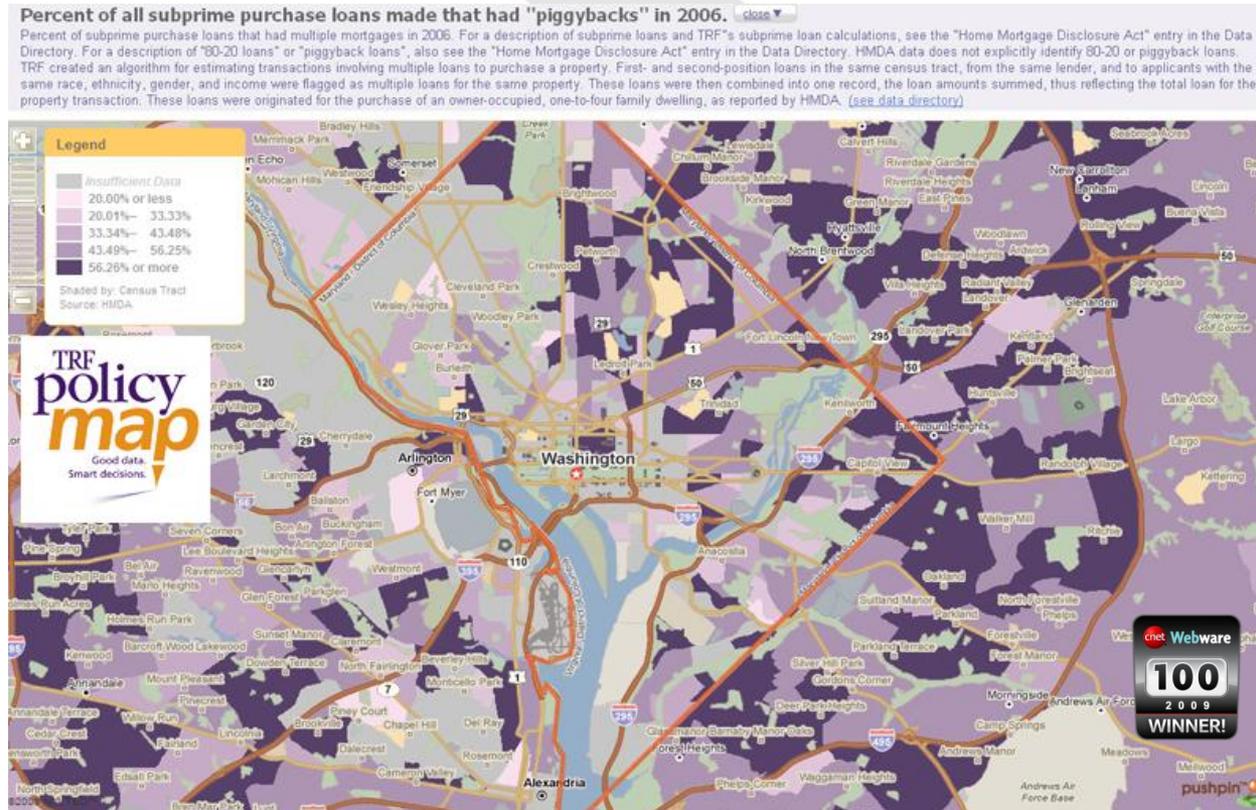


PolicyMap



All the data you need. All in one place. All online.

- National data mapping and analysis tool
- Easy, online access to data and analytical tools in a sophisticated yet user-friendly web platform
- Over 10,000 data indicators as well as proprietary TRF analytics, with frequent additions.
- CNET award winner for best of location-based services Web 2.0 products



www.policymap.com



TRF Loans support safe, affordable homes, quality education, neighborhood retail, energy efficiency and generation and access to fresh, healthy food.

- Loan Products
 - Predevelopment
 - Acquisition
 - Construction (up to 24 months)
 - Permanent (up to 7/25)
 - New Market Tax Credits



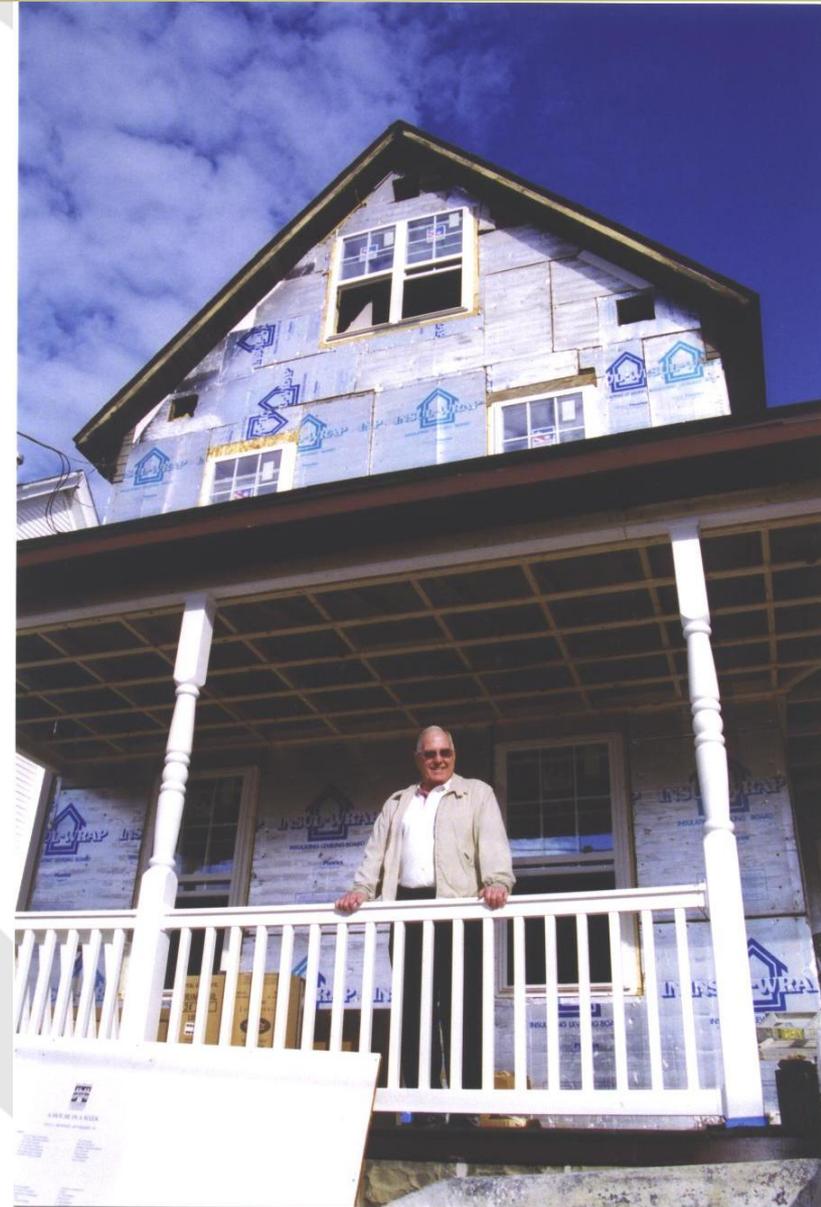
Orchard Ridge



City Neighbors Charter School

TRF's Housing Group provides financing for mission-related housing development in PA, NJ, DE, MD and DC.

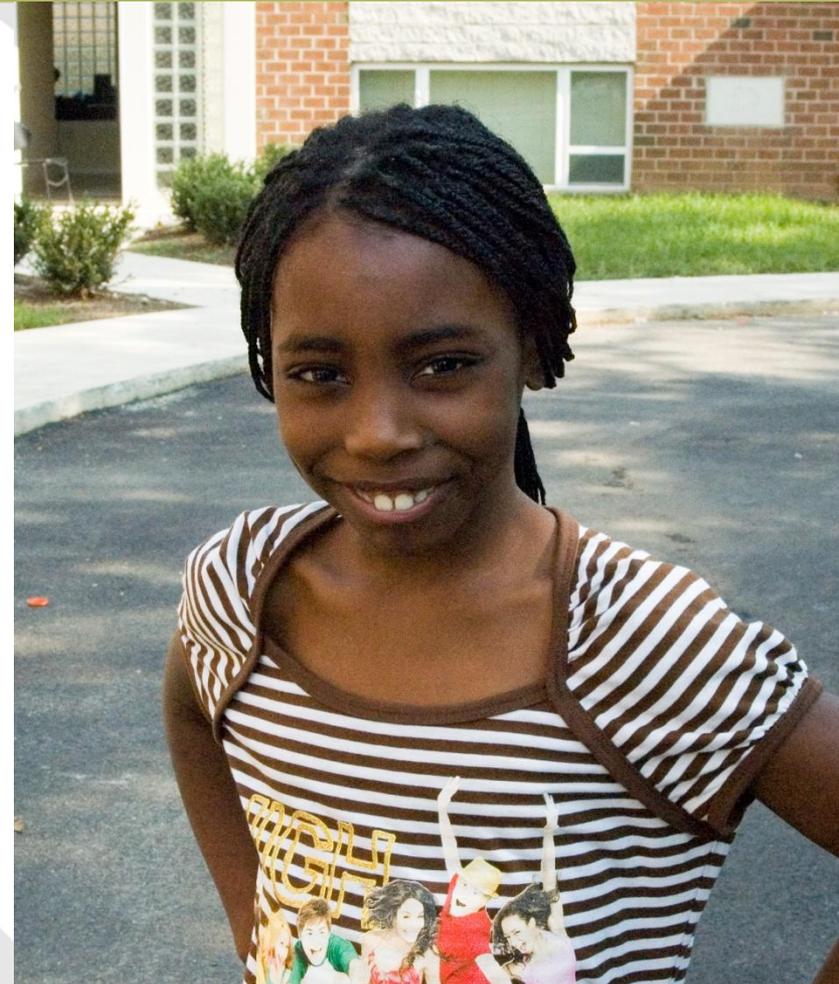
- Eligible borrowers: non-profit and for-profit entities
- Eligible projects:
 - new construction or rehabilitation
 - Homeownership or rental housing



St. Joseph's Carpenter Society, Camden NJ

Underwriting and structuring of loans based on:

- Borrower's financial condition
- Development experience
- Availability of collateral
- Ability to repay



Park Heights, Baltimore MD

Threshold feasibility:

- Adequate cost projections and proposed sources
- Demonstration of how proposed rents and sales prices are supported in the market
- Capacity of the development team to successfully complete the project.



Chester County Improvement Project, Chester PA

Example Project: Construction Loan for 12 For-Sale Units

Total Development Cost: \$3.5 million

Construction Loan: \$650,000 to be taken out by unit sales
Balance is NSP funds
24 month term, interest only
Rate is floating based on LIBOR

Loan Conditions were:

- Minimum as-completed appraised value to ensure LTV can be maintained. (LTV minimum here was 80%)
- Approval of development team financials and track record
- Cost and plans review by third party
- Subsidy sources are drawn down first
- Evaluation of for-sale market and asking prices

Underwriting Questions/ Risk Mitigation

- Are there sufficient funds for a contingency?
- Who is the target market and do they have sufficient income to qualify for the purchase?
- How much cushion in the sales prices exists?
- Timing of the draw down of loan relative to other sources
- Is there a “backup plan” if the houses take longer to sell?



Contact:

Dana Johnson

Baltimore Market Leader

410.783.1110

dana.johnson@trfund.com

