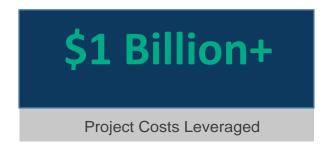


Overview

In 2001, the Housing Partnership Network (HPN) created the Housing Partnership Fund (HPF) as its primary lending arm, principally to meet HPN members' growing need for one of the most difficult types of investment to secure – flexible, early-stage financing for affordable housing development. Whereas most CDFIs focus on real estate finance, HPF is unique in its commitment to provide enterprise capital for nonprofit affordable housing developers. With a national footprint, HPF serves developers focused on expanding opportunities for low-income populations, using housing as a platform to leverage better health, education, and economic outcomes. The Fund raises capital from private, public and philanthropic institutions to drive impact through its investments in members and HPN social enterprises. HPF is a US Treasury certified Community Development Financial Institution (CDFI) and has an AA Four Star Policy Plus rating from Aeris.









Investment Strategy

Our competitive advantage comes from collaborating with our borrowers through HPN's peer exchange model. In addition to underwriting the credit risks of our borrowers and their projects, our close, collaborative and, often, long-standing relationships with members provides two additional advantages: we are often able to take on more risk than a traditional lender and can tailor our products to help members achieve even more impact.

Development of the Enterprise Loan Product

Since its inception, HPF has provided unsecured real estate loans to HPN members. As members grew in size and scale, we began to observe a shift in the way some managed the working capital needs of their real estate development businesses. HPN Members started raising capital at the parent entity so that they were better capitalized to explore potential opportunities that arose in their markets. Our role as both a CDFI and a membership organization put HPF in a unique position to formally launch an enterprise loan product in 2014. Our enterprise loans are typically unsecured, 3-4 year term loans made to HPN Network members (not directly to projects) and provide a critical source of working capital that helps borrowers manage a variety of business-level capital needs associated with owning, operating and acquiring affordable housing and community facilities. Our borrowers use this capital to fund early stage predevelopment expenses, bridge short-term gaps in grant and fee income, and grow or create new lines of business.

Over the past five years, HPF has closed nearly \$32 million in enterprise loans that have leveraged over \$450 million in project costs. The enterprise loan continues to be our most sought after loan product.

Borrower Testimonials

Wesley Housing Development Corporation – \$4.0MM Enterprise Loan

"The HPF Loan Facility allowed us to simultaneously address several strategic objectives: 1) pursue new development opportunities within our pipeline; 2) maintain our working capital for core operating activities and; 3) solidify our balance sheet to maintain organizational flexibility. The loan product and its flexibility is a key component to allow us to increase our impact on the communities and residents we serve."

- Shelley Murphy, President and CEO, Wesley HDC

Gulf Coast Housing Partnership - \$1.0MM Enterprise Loan

"HPN loan support has not only allowed GCHP access to flexible financing necessary to initiate high impact projects, but thanks to balance sheet strength bolstered by HPN – Enterprise financing, GCHP has been able to attract additional similar capital. Capital has extended organizational impact and catalyzed growth; GCHP would not be the regional provider it is today without HPN and Enterprise capital support" – Kathy Laborde, President and CEO, Gulf Coast Housing Partnership

CHN Housing Partners – \$500,000 Enterprise Loan

"We especially appreciate the flexibility and the dual purpose of this loan. Since these funds can be used to either cover predevelopment costs or to bridge weatherization grants receivable, CHN has tremendous flexibility to shift the use as needed to meet the changing capital needs of both of these areas of our business." - Mary Smigelski, Chief Financial Officer, CHN Housing Partners

For more information contact Katie Rodriguez, President, HPF and Vice President of Lending and Investment, Housing Partnership Network, at rodriguez@housingpartnership.net.



Housing Partnership Fund

Product Offerings

Social Mission.
Private Enterprise.

	Preservation Enterprise Loan	Standard Enterprise	Revolving Bridge to Construction	Predevelopment	Real Estate Financing
Product type	Enterprise	Enterprise	Enterprise	Predevelopment loan: term or revolving	Acquisition Loan
Loan Amount ¹	\$1-3 million	\$500k- \$4 million	Up to \$4 million	Up to \$4 million	Up to \$10 million
Use/Purpose	Non-project specific acquisition/mezz/equity designed to support preservation opportunities	Non-project specific. Acquisition/mezz/equity and other predevelopment and carry costs, other line of business costs approved on a case by case basis. Source of leverage for NMTC projects	Preconstruction costs/predevelopment costs. Provides significant liquidity prior to project's construction closing. Funding trigger is LIHTC award or largest competitive development subsidy award	Predevelopment activities, bridging temporary timing differences associated with committed subsidy/LIHTC's, insurance proceeds, subordinate financing	Land and building acquisition as well as modest construction and rehabilitation costs
Geographic Limitations	Target cities: Washington, DC metro/Baltimore, Seattle, and Chicago	None	None	None	None
Interest Rate	4.50%	5.5%	5.5%	5.5%	5.5%
Loan Fees	1.50%	1.0%	1.5%	1 to 1.5%	1 to 1.5%
Loan Term	7-9 years	4 years	3	up to 3 years	up to 3 years, with a rate adjustment up to 5
Repayment Terms	Interest only monthly up until 12 months prior to maturity, loan starts to amortize in final year.	Interest only monthly for first thee years, fully amortizing 4th year.	Interest only monthly with principal payments drawn for an individual project due at that project's construction loan closing and then freed up to be revolved into a new project	Interest only with principal due at close of construction loan or loan maturity	Interest only with principal due at close of construction loan or loan maturity
Collateral	Typically unsecured, under secured or alternatively secured	Typically unsecured, under secured or alternatively secured	Typically unsecured, under secured or alternatively secured	Typically unsecured, under secured or alternatively secured	Flexible LTV's up to 90% for land and 95% for preservation
Revolving or Full Draw	Fully drawn at closing	Typically fully drawn. Can be structured as revolving but will have an additional loan fee with nonuse fee and/or resizing requirements	Fully revolving, includes a nonuse fee and/or resizing requirements	Typically fully drawn. Can be structured as draw down based on development milestones or sponsor's financial needs	Typically fully drawn. Can be structured as draw down based on development milestones or sponsor's financial needs
Recourse	Full to Borrower	Full to Borrower	Full to Borrower	Full to Borrower	Full to Borrower
Guarantee	Required based on corporate structure.	Required based on corporate structure.	Required based on corporate structure.	Required based on corporate structure.	Parent
Third Party Legal	Paid by Borrower	Paid by Borrower	Paid by Borrower	Paid by Borrower	Paid by Borrower
Reporting Requirements	Quarterly and annual reporting including financial and impact Standard financial	Quarterly and annual reporting including financial and impact Standard financial	Quarterly and annual reporting including financial and impact Standard financial	Quarterly and annual reporting including financial and impact	Quarterly and annual reporting including financial and impact
Covenants	covenants including liquidity, leverage, profitability, days cash on hand	covenants including liquidity, leverage, profitability, days cash on hand	covenants including liquidity, leverage, profitability, days cash on hand	Standard financial covenants including liquidity, leverage, profitability, days cash on hand	Standard financial covenants including liquidity, leverage, profitability, days cash on hand
Prepayment penalty	None after 1st year	None after 1st year	None after 1st year	None	None

Partnerships with participating lenders may be need to meet max loan amounts listed