What is a 0% Interest Home Repair Loan?
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Katya Shirley, Bank of America
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Session Agenda

- Welcome & Introductions
  - Victor Abla, LISC Detroit (moderator)
- Overview of the 0% Interest Home Repair Loan Program
  - Kimberly Dowdell, City of Detroit
    - Development of Program, Mayor’s Objectives for Program
  - Damon Thompson, LISC Detroit
    - Program Implementation
  - Christi Coady Narayanan, Opportunity Resource Fund
    - Role of the CDFIs
  - Katya Shirley, Bank of America
    - Financing Solution
- Questions & Answers

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What is this program?

- The Detroit 0% Interest Home Repair Loan Program provides loans to Detroit homeowners looking to complete home repairs or improvements. Homeowners have ten years to pay back the loans, which are provided at 0% interest. That means homeowners pay back only what they borrow.
- The program is a city-led partnership with the Local Initiatives Support Corporation (LISC) and Bank of America. This is a public-private commitment focused on revitalizing Detroit’s neighborhoods.

Program Objectives

- Promote neighborhood revitalization, stabilize housing stock and increase home values.
- Eliminate blight and deterioration of housing stock.
- Intervene in market to stimulate private lending.
- Address loan-to-value issues impeding residents from securing mortgages.
- Utilize Community Development Block Grant (CDBG) funds to leverage additional private capital.
- The program’s goal is to help Detroit homeowners who have stayed in the City to invest in their homes and neighborhoods.
## Program Partners

| Local Initiatives Support Corporation (LISC) | Oversight of loan capitalization of private funding from Bank of America and public funding from the City of Detroit ($8 Million Loan Pool), develop and implement program design including application intake, loan underwriting and loan servicing. |
| Corporate F.A.C.T.S., Inc. | Provide program design, development and technical assistance. |
| Intake Centers (Total 12) | Non-Profit Community Organizations review and review applications. |
| Community Development Financial Institutions (CDFI) | Opportunity Resource Fund, One Detroit Credit Union – Perform loan underwriting, loan closing, construction contractor payment disbursement and loan servicing. |
| Construction Manager (GS Group, LLC) | Perform project inspections, specification writing, bidding and contract award, construction management. |
| General Construction Contractors (Total 35) | Perform home repair work including minor repairs, replacement of deteriorated building components and lead-based paint hazard reduction. |
| Housing & Revitalization Staff | Monitor sub-recipient, develop and implement program design, policy and procedures, manage construction activity and maintain program files. |

## Program Launch

### Program Launched
- Mayor and LISC's announcement – March 24
- Neighborhood Information Meetings with District Managers – March 24, 26 & 28
- Applications available at locations throughout the City

### Intake
- Homeowner schedules an appointment at one of the 12 intake centers
- Meets with intake center and submits completed application

### Loan Review
- Loan Underwriting
  - If approved, home inspections and spec writing
  - If denied, referred to financial counseling services

### Loan Closing
- Loan signed
- Contractor procured
- Construction begins

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Program Details

$5,000-$25,000 available; up to a 10 year term

Homeowners who have owned & occupied their home for at least 6 months

Current homeowner’s insurance and property taxes

Must be able to afford the loan payments

560 Credit Score and 150% Loan – to – Value ratio

Free credit and debt counseling available

Areas of Eligibility
Financing Solution

Detroit Market Needs:
- Flexible credit underwriting
- Unsecured or 2nd mortgage product with high LTV
- Long-term loan pay-back period
- Very low-cost funding source

Bank of America Response:
- Partner CDFI’s – LISC & Opportunity Resource Fund
- Government support – City of Detroit
- $1,000,000 grant & $4,000,000 loan
- 0% interest rate for 10-year term
Role of the CDFIs

- Application Received:
  - Review File for Completeness
  - Order Credit Report
  - Notify Borrower & Request Missing Documents – or Deny if CS Below 560

- Underwriting:
  - Review Credit Report
  - Run Ratios (DTI, LTV)

- Clear Outstanding Issues:
  - Title, Flood, Property Taxes
  - If Denied – Notify Borrower and Refer to Counseling Services
  - If Approved – Documents to Borrower and LISC

- Loan Closing:
  - Schedule Closing Upon Final Notice from City of Detroit
  - Close Loan and Borrower Executes Agreement with Contractor
  - File to Loan Servicing

Questions & Answers