



The Building Fund provides no-interest loans to developers of African descent in Detroit to help them secure funding for residential projects. This initiative aims to address the significant barriers these developers often face in obtaining capital, ensuring that neighborhoods are developed equitably. The maximum loan amount is \$150,000.

Who Qualifies?

- Developers of African descent undertaking residential projects in Detroit.
- Developers with at least one year of experience (a successful rental or flip property in the last year), or alums of BCV, Capital Impact, or holding a relevant real estate certificate from an accredited institution.
- Maximum loan amount is \$150,000.
- The developer's office and project must be in the city.

Qualifications include:

- Personal & Business Credit **Story**
- Proof of Funds to Cover Project Costs that Exceed Loan Amount
- Collateral (Must Be Investment Property)
- Registered business with an EIN in good standing
- Must have or obtain property insurance

Loan Terms:

- 0% interest
- No hidden fees (**Borrower is responsible for closing fees*)
- Max of 5 years
- LTV of 75% (**max loan amount of 75% of the After Repair Value*)

Borrower payments:

- No payments for the first three months
- During construction, monthly payments will start in month 4 and will continue through month 12 (**or when the project is complete*)
- During construction, payment amounts are contingent on the loan amount:
 - Up to \$50,000 = \$250 per month
 - \$50,000 - \$100K = \$500 per month
 - \$100,000 - \$150,000 = \$750 per month

- At 12 months or upon project completion, a new monthly payment will begin based upon the remaining loan amount at the remaining time of 5-year term. (*i.e.: 48 months remaining with a balance \$144,375 divided by 48 months = \$3004.17 per month*)
- Borrower is responsible for closing and title fees (**the fee is based on the property and will be disclosed to the borrower before closing*)

Draw Process:

- Developers provide a scope of work with Proforma and a construction schedule
- BLD initial inspection of the property to sign off on the scope of work (**some properties may require a full licensed inspection. Borrower will pay a reduced fee*)
- The loan goes before the loan review board
- Permits must be obtained from the City of Detroit Building and Safety Engineering Department for all applicable work to secure a Certificate of Occupancy (COA) or Certificate of Completion (COO).
- Chosen developers will receive 33% of the loan amount at closing
- The second draw of 33% will be received once the first segment of work is completed and inspected by BLD.
- The third and final draw of 34% will be issued once the second segment of work is completed and inspected by BLD.
- Draw inspection fees will be paid by the borrower.

For more information visit: <https://www.blackleadersdetroit.org/thebuildingfund>

Frequently asked questions:

Am I able to use the funds to purchase a property?

No. We are only funding companies that own a property.

Will I be able to borrow the full amount?

You can borrow up to \$150,000 for your project. Please note that your scope of work will be reviewed in accordance with a home visit. We will determine the amount of funds your project calls for based on the home visit and inspection.

What type of inspection will be conducted?

A scope of work inspection will be conducted by a BLD representative. If the initial visit shows that a more thorough inspection is needed, BLD will require a home inspection from a licensed home inspector. BLD has an agreement with a licensed contractor that can be provided at a discounted rate.

What may cause my project to require a thorough home inspection?

Any house with a major issue to the foundation, housing structure, mold, asbestos, Detroit Landbank Authority properties, etc. will require a thorough home inspection by a licensed inspector. **DLBA has lease pendants attached to their properties. Discuss with them**

Do I have to submit contractor quotes?

Yes. You must provide quotes from licensed contractors for anticipated work that requires a permit.

Can I submit a property that has a Quit Claim Deed?

QUIT CLAIM DEEDS ARE NOT ACCEPTED. Applicants must present a Warranty Deed to apply. Potential exceptions may apply for certain Detroit Land Bank Authority properties.

Does the property have to be a residential property?

Most of the projects that will be chosen will be residential. Certain exceptions must be made for mixed use and commercial properties.

Will I receive the full \$150,000 grant your application is accepted?

Your scope of work will be reviewed and the amount of funds necessary to complete your scope of work will be determined that will outline your draws before the loan closes. The funds will be dispersed in three draws after inspection of the items allocated on the scope of work.

Ownership

The Deed and supporting documents MUST be in the name of the company applying for the loan.