

CHFA 9% Low-Income Housing Tax Credit (LIHTC)



CONNECTICUT
HOUSING FINANCE
AUTHORITY

Permanent Loan Product Summary

Eligible Developments:	Limited to LIHTC developments that are awarded a 9% tax credit reservation. Closing with construction lender must occur on or before November 30, 2021. If the closing takes place after this date, CHFA reserves the right to re-evaluate pricing.
Loan Rate:	<p>The fixed rate will be based on the 10-year Treasury rate plus 330 basis points. The rate will be locked at the approximate time the construction loan rate is locked prior to the Construction Closing. If there is a closing delay which results in repricing by the construction lender, CHFA reserves the right to re-evaluate pricing as well. This rate will be locked consistent with CHFA's rate lock procedure and will follow current CHFA Multifamily Financing Program Parameters and Fees guidelines.</p> <p>For the purposes of initial loan sizing at the application for a letter of financing interest, CHFA will assume a permanent rate of 4.71% (based on the September 2, 2020 10-year Treasury rate of 0.66% plus a cushion of 0.75%). At the time of rate lock, the final rate will be based on the current index.</p>
Loan Term:	May not exceed 20 years.
Amortization:	Up to 35 years.
Disbursement:	No disbursement at Construction Closing. Full/One-time disbursement at Permanent Loan Closing.
Permanent Loan Closing:	24 months from the Construction Closing.
Requirements for Permanent Loan Closing:	<p>May include; but not be limited to:</p> <ul style="list-style-type: none"> • 100% qualified occupancy • 100% retirement of the construction loan • Satisfaction of all investor conditions to allow necessary equity to be available • Updated underwriting to confirm income, expenses, debt service coverage, etc. at rent up • 1.15 debt service coverage for 90 days consecutively • All reserve requirements must be met • CHFA approval of any development team member changes, LPA changes, etc. • Satisfaction of all CHFA Final Closing items (including but not limited to CHFA Permission to Occupy, release of retainage, environmental close-outs, as-built survey, clear title, etc.)

Early Prepayment:	The permanent loan may be prepaid in full after year 15, provided the loan is refinanced with CHFA at the then-offered terms and conditions and subject to availability of funding sources and all other applicable requirements, including covenants of continued affordability.
Loan to Value:	80% of the appraised prospective investment value or 80% of CHFA's estimated total lending cost.
Loan Sizing:	<ul style="list-style-type: none"> • Permanent Debt may be sized to the current year rents at Construction Closing and without trending the rents during construction. • No commercial income may be used to size the permanent debt.
Appraisal & Market Study:	Reports will be ordered by CHFA following payment by the applicant.
Loan Origination Fee:	<p>This will be based on loan size in accordance with current Multifamily Financing Program Parameters and Fees <u>guidelines</u>, due at Construction Closing. This fee is non-refundable.</p> <ul style="list-style-type: none"> • 2.00% for loan amount <= \$1 Million • 1.75% for loan amount >\$1 Million but <= \$2.5 Million • 1.50 % for loan amount > \$2.5 Million but <= \$5 Million • 1.25% for loan amount > \$5 Million
Forward Standby Fee:	1% of loan amount, due at Construction Closing. This fee is nonrefundable.
Forward Good Faith Deposit:	1% of loan amount, due at Construction Closing. This fee is refundable at Conversion. It is payable to CHFA only if the project fails to convert or does not utilize the loan.
Third-Party Closing Costs:	Applicant is responsible for third-party closing costs.
Application Process for a Letter of Financing Interest to Include in a 9% LIHTC Application Submission:	<p>Applicants may apply for this financing with reduced documentation. The following items found in the CHFA-DOH Consolidated Application (and applicable attachments) will be required:</p> <ul style="list-style-type: none"> • Exhibit B – Cover Sheet. • Exhibit C – Summary Sheet. • Exhibit D – Application (must be fully completed). • Exhibit 3.1a – Qualified Development Team Contact Information. • Exhibit 4.9c – Exploded Trade Payment Breakdown. • Exhibit 4.9e – Project Cost Summary. • Exhibit 5.1a – Rental Income Calculation Sheet.

	<ul style="list-style-type: none"> · Exhibit 5.2a – Detailed Income & Expense Form. · Exhibit 5.2b – Line by Line Explanation of Expenses. · Exhibit 5.2d – Real Estate Taxes. · Exhibit 5.3 – Cash Flow Projection. · Exhibit 6.3 – Development Budget. · Exhibit 6.4 – LIHTC Calculation. · Exhibit 6.5 – Sources of Funds. · Exhibit 6.6 – Existing Debt. · Exhibit 11.3 – Application Fee. <p>CHFA reserves the right to request additional documentation upon review.</p> <p><i>Applications and required documentation must be sent to LIHTCTaxableFin@chfa.org no later than 4:00 PM on Friday, October 23, 2020.</i></p> <p>Applicants are encouraged to explore all financing options and multiple letters of financing interest will be accepted for review with the 9% LIHTC application. The use of CHFA financing will not affect the review or scoring of a 9% LIHTC application.</p> <p>While the receipt of a letter of financing interest from CHFA is not guaranteed, letters of financing interest for successful applications are anticipated to be issued by November 6, 2020.</p>
CHFA Contacts:	<p>Debbie Alter at deborah.alter@chfa.org or Michelle Onofrio at michelle.onofrio@chfa.org</p>

Rev. 9/4/2020