CHFA Taxable Bond Financing for Use with the
2019 9% LIHTC Awards

Terms

CHFA has made available construction and permanent taxable bond financing for use with the
2019 9% LIHTC awards. CHFA will use its standard construction to permanent financing
structure with two promissory notes: a construction note and a permanent note. Each note
will have its own rate, loan amount, and term. Beginning at the initial closing and through the
duration of the construction period, the notes will accrue interest, respectively, based on the
construction note rate and the permanent note rate with no principal amortization. Interest
payment will be due and payable on a monthly basis, in arrears, and may be capitalized in the
development budget.

It is anticipated that, upon maturity, the construction note will be retired with other
development financing or equity proceeds. At maturity, the permanent loan will automatically
begin amortizing at the rate and term specified in the permanent note.

For the purposes of initial loan sizing at the application for a letter of financing interest, CHFA
will assume a construction rate of 5.52% and a permanent rate of 6.44% (based on the July 24,
2018 1-month LIBOR rate and 10 year Treasury rate of 2.07% and 2.95% respectively plus a
cushion of 0.75%). At the time of rate lock, the final rate for the construction and permanent
loans will be based on the current respective indices.

The terms of this financing are as follows:

- Construction Loan Rate – The final fixed rate will be based on the 1 month LIBOR rate
  plus 240 basis points. This rate will be locked consistent with CHFA’s rate lock
  procedure and current CHFA guidelines.

- Construction Loan Term – This term is not to exceed 24 months. (Upon request and
  approval, a longer term may be permitted, subject to a rate premium.)

- Construction Loan Amortization – Interest only payments are due until maturity.

- Construction Loan Early Prepayment – Prepayment is available beginning in month 16
  provided the construction loan proceeds have been disbursed in full.
• Permanent Loan Rate – This fixed rate will be based on the 10-year Treasury rate plus 275 basis points. This rate will be locked consistent with CHFA’s rate lock procedure and will follow current CHFA guidelines.

• Permanent Loan Term – The permanent term may not exceed 22 years (assuming the construction term is 24 months).

• Permanent Loan Amortization – The permanent loan will have an amortization term of 35 years. Monthly amortization payments of principal and interest will commence on month 25 (assuming a 24 month construction term).

• Permanent Loan Early Prepayment – With this special financing, prepayment is not permitted.

• Permanent Loan Early Amortization – With this special financing, the construction/permanent loan must continue to make interest-only payments through month 24. Amortization will commence in month 25.

• Disbursement – Both the construction and permanent loan proceeds will be disbursed on a pari-passu basis during the construction phase of development.

• Loan Origination Fee – This will be based on current guidelines.

• Bond Cost of Issuance – The costs of the taxable bond issuance will be absorbed by CHFA.

• Eligible Projects – Only projects applying for the upcoming 9% LIHTC round are eligible. Other projects (including 9% LIHTC awardees from previous years) are not eligible.

Required Documents

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:

• 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.
CHFA reserves the right to request additional documentation upon review.

Applications and required documentation must be sent to LIHTCTaxableFin@chfa.org no later than 4:00 PM on Wednesday, September 26, 2018.

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.

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 October 24, 2018.

For more information, please contact:

Debbie Alter or Maj Kabir

deborah.alter@chfa.org maj.kabir@chfa.org

860-571-4234 860-571-4238