

## Affordable Housing Credit Solutions

To increase the stock of affordable housing, we extend real estate loans for the pre-development, acquisition, construction, rehabilitation and permanent financing to both new and expanding developers. These projects are generally for the purchase and construction of new facilities or the purchase and rehabilitation improvements of existing facilities.

### Requirement for Community Needs Tracking

- Demonstrated need for affordable housing.
- Periodic reporting is required.

### Project/Borrower Characteristics

- Borrower should have previous experience in affordable housing development and history of successful project initiation and completion.
- Free technical assistance is available from VCC to first-time developers.

### Other Conditions

- Borrower must be a legally organized entity.
- Borrower should demonstrate the financial resources and capacity to carry any existing or projected short-term operating deficit. Borrower must be able to demonstrate and/or provide a minimum of two months debt service reserve.
- Projects in communities with little or no affordable rental housing are highly desired.
- Market demand must be adequately demonstrated by pre-rental contracts, or existing market data, current market study, property operating statistics and/or survey of realtors operating in the project market area.
- Developer must demonstrate the capacity to service the debt being extended, and any other existing and potential sources of financing.
- Underwriting based on project's historical and projected financial condition and cash flow, alternate cashflow sources, potential for equity appreciation, history of the developer sponsoring the project (industry experience), and the potential for equity contributions from state or local grant sources. General community support, impact and the economic contribution of the project to the community will be considered in underwriting.

### Loan Amounts

Minimum: \$100,000  
Maximum: \$10,000,000

### Rate Structure

Based on current market conditions and risk analysis

### Maturity Terms

Pre-development and acquisition, up to 36 months; construction and rehabilitation, up to 24 months, generally interest only; permanent financing maturities based on monthly amortization, up to 25 years and a 5 year call provision

### Collateral

1st or 2nd deed of trust on the site developed or other real estate

### Origination Fees

1 to 2% depending on transaction size and complexity

### Late Payment Fees

5% to a maximum of \$250 after the 10th day

### Prepayment Penalty

Depends on transaction size and funding source

### Loan-to-Value Guidelines

Generally 10% equity required; up to 100% loan-to-value based on risk analysis, guarantor strength

### Guarantees

Property owners, principals, partners or majority stockholders generally required; parent organization required, if applicable

### Environmental Assessments

May require environmental due diligence; remediation required

### Acceptable Equity

Existing equity or enhanced equity appreciation based on preliminary appraisal

