

Mixed-Use Permanent Mortgage Loan

To revitalize downtown districts, we extend first or second permanent mortgage loans to both for-profit and non-profit developers for the acquisition and rehabilitation of aging downtown structures. These projects are generally for the conversion of upper floor(s) to affordable rental housing and the rehabilitation of street level commercially leased space.

Requirement for Community Needs Tracking

- For the initial 5 year term, 50% of units must be reserved for affordable apartment rental to individuals or families earning 80% or less of area median income; or demonstrate that the project is part of a municipality approved revitalization plan.
- Periodic reporting is required.

Project/Borrower Characteristics

- Project developer should have experience in real estate development and a history of successful project initiation and completion.

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, survey of realtors operating in the project market area.
- Project must demonstrate a positive cash flow. Debt coverage ratio must be adequate to service the debt being extended and any other sources of financing.
- Underwriting based on cash flow from apartment rentals and commercially leased space; and the experience and history of the entity developing the project. General community support, impact and the economic contribution of the project to the community will be considered in underwriting.



Loan Amounts

Minimum: \$50,000

Rate Structure

Based on current market conditions and risk analysis

Maturity Terms

Loans may be extended for up to 12 months on interest only basis during rehabilitation/construction period, with conversion to monthly amortization upon completion; payments based on amortization term up to 30 years, with a 5 year call provision

Collateral

1st or 2nd deed of trust

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

None

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

Environmental Assessments

Phase 1 study required, Phase 2 study may be required based on Phase 1 findings; housing may require comparable due diligence; remediation required

Acceptable Equity

Tax credits, existing equity or enhanced equity appreciation based on preliminary appraisal