

## Virginia Supplemental Loan Program

To enhance neighborhoods, we extend loans to municipalities, housing authorities and non-profits who in turn make 5 to 15 year permanent mortgage loans on single-family homes for critical infrastructure improvements. Underlying loans are generally tied to state and federal grants for qualified low and moderate income individuals who need additional borrowed funds to complete renovations or make additional improvements. Borrowing entities generally target individuals or families earning 80% or less of area median income.

### Requirement for Community Needs Tracking

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

### Project/Borrower Characteristics

- Borrower must demonstrate previous experience in real estate lending; the ability to underwrite and close first and second position mortgage loans; the marketing expertise to reach the target population; a history of successful portfolio and collection management; and financial reporting.

### Other Conditions

- Borrower must be a legally organized entity.
- Borrower must be able to provide a business plan to effectively administer a loan program and an adequate loan loss reserve.
- Underlying transactions must be to homeowners with demonstrated need and the capacity to repay. Debt coverage ratio must be adequate to service the debt being extended and any other sources of financing. A homeownership counseling service should be a component of the borrower's operations.
- Underwriting based on the borrower's financial condition and operations, as well as effective loan fund management.
- General community support, impact and economic contribution of the program to the community will be considered in underwriting.

### Loan Amounts

Minimum: \$50,000

### Rate Structure

Based on current market conditions and risk analysis; underlying individual transactions are generally priced at closing

### Maturity Terms

Individual loans are funded under a commitment when closed, for terms up to 15 years; aggregate bill for principal and interest due for underlying transactions is rendered monthly to the borrower

### Collateral

An assignment of loans and an adequate loan loss reserve based on historical portfolio management

### Origination Fees

0 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

Parent organization, if applicable

