

## Real Estate Credit Solutions

To increase the stock of affordable housing, stimulate small business job creation and enhance the delivery of social service programs, we extend real estate loans for the pre-development, acquisition, construction, rehabilitation and permanent financing to new and expanding entities. These are generally for new facilities or the capital improvements for expansion of existing facilities.

### Requirement for Community Needs Tracking

- Demonstrated need for affordable housing, job creation or social services. State or local government support is generally a prerequisite and periodic reporting is required.
- Periodic reporting is required.

### Project/Borrower Characteristics

- Borrower must be financially stable, capable of financially supporting existing or expanded operations and be experienced in, or have support for, workforce development.

### Other Conditions

- Borrower must be a legally organized entity.
- Borrower should demonstrate the financial resources and capacity to carry any 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 substantial unemployment are highly desired.
- Business plan must demonstrate elevated market demand supporting expansion need, from existing market data or current market study. Must demonstrate significant living wage job creation and very near-term positive cashflow.
- Debt coverage ratio must be adequate to service the debt being extended and any other existing and potential sources of financing.
- Underwriting based on borrower's historical and projected financial condition and operations; alternate cashflow sources; potential for equity appreciation; 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.
- Generally, an operating company must occupy at least 51% of any office real estate being financed.



### Loan Amounts

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

### Rate Structure

Based on current market conditions and risk analysis

### Maturity Terms

Pre-development/acquisition, up to 36 months; construction/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; parent organization required, if applicable

### Environmental Assessments

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

### Acceptable Equity

Existing equity or enhanced equity appreciation based on preliminary appraisal