

IHDA/HUD Risk Share Mortgage with U.S. Treasury Investment (FFB Mortgage)

Loan Parameter Overview	
Description	First lien permanent mortgage loan financing: <ul style="list-style-type: none"> • Refinance • Acquisition • Rehabilitation • New construction <i>Loans require FHA Risk Share Insurance with approvals handled by IHDA.</i>
Loan Amount	\$1,000,000-\$10,000,000 (<i>requires FHA Risk Share Insurance</i>)
Source of Funds	<u>Construction Bridge Financing:</u> 1) IHDA will bridge 9% LIHTC equity with a short-term construction bridge loan; or 2) IHDA will issue short-term, tax-exempt bonds using 4% credits to finance construction. <u>Permanent Financing (contemporaneously with bonds for 4% credit transactions):</u> A Certificate of participation will be purchased by the U.S. Treasury pursuant to the Multifamily Mortgage Risk Sharing Program (Section 542(c)). For deals with construction loans, the permanent financing is closed and funded at the construction loan closing with additional bridge financing or 4% bonds issued and sold to investors via direct placement or a public issuance.
Loan-to-Value (LTV) & Debt Service Coverage Ratio (DSCR)	<i>New Construction/Substantial Rehab (up to 40-year term)</i> 1.11 or 90% of NOI for projects with 90% or greater rental assistance 1.15 or 87% of NOI for affordable housing transactions <i>Refinance/Acquisition/Mod Rehab (up to 35-year term)</i> 1.15 or 87% of NOI for projects with 90% or greater rental assistance 1.176 or 85% of NOI for affordable housing transactions <i>LTV & DCR are based on FHA Risk Share Insurance standards and loan type. Maximum loan term cannot exceed 75% building's remaining economic life. Must adhere to FHA per Unit Statutory Limit. Assumes rents are at least 10% below appraised market rents.</i>
Affordability Requirements	As limited by LIHTC program and Land Use Restriction Agreement (LURA).
Assumability	Subject to IHDA and HUD approval.
Recourse	Construction: Guarantor(s) shall provide full and unconditional repayment and completion guaranties and environmental indemnity during construction loan term. Permanent: Non-recourse with standard industry carve outs and environmental indemnity.
3rd Party Studies	Sponsors are required to provide studies, reliance letters, and insurance certificates (when required) from vendors that follow IHDA's standards. Studies include, but are not limited to: market study, environmental, appraisal, insurance, and PNA.
Loan Term & Amortization	15-40 years (term depends on project type) (interest rate may vary based on term)
Interest Rate	Fixed rate set daily by the U.S. Department of the Treasury. <i>Indicative rates posted on IHDA's website and upon request. Rate lock following FHA's initial endorsement of loan for Risk Share insurance. Rate includes Mortgage Insurance Premium (MIP), servicing, and trustee/custodian fees.</i>
Payments	Monthly – principal and interest (30/360 calculation).
Optional Prepayment	At par on any day following 10-years after initial loan funding date.
Wage Requirements	Davis Bacon labor standards and prevailing wage requirements apply.
Limited Distributions	Limited Distributions, including both the equity base and annual distribution percentage, may be required in accordance with IHDA's Limited Distribution policy and, if applicable, Section 8 restrictions.
Subsidy Layering Review	Required on loans with tax credits, HUD/government assistance, and/or FHA Risk Share insurance.
Guaranty / Mortgage Credit Review	Mandatory for the borrower(s), the sponsor(s), the guarantor(s), and each underlying entity/owner.
Application Fee	\$2,500 (for-profit); \$1,500 (not-for-profit) (non-refundable)
Origination Fee	1.0% of the Loan Amount; \$35,000 minimum
Fees and Costs	Borrower will reimburse reasonable and customary applicable costs of IHDA including but not limited to underwriting, trustee, rating, legal and advisory fees.
Good Faith Deposit	Minimum \$25,000 (non-refundable)

For more information, please visit IHDA's website:

<http://www.ihda.org/developers/market-research-areas-of-opportunity/first-mortgage-loan-programs/>

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