

Credit Advantage Mortgage

Loan Parameter Overview	
Description	First lien construction and permanent mortgage loan financing for 9% Low Income Housing Tax Credit (LIHTC) Projects: new construction, acquisition and rehabilitation, & adaptive reuse. Loans require FHA Risk Share Insurance with approvals handled by IHDA.
Loan Amount	\$1,000,000-\$10,000,000 (<i>requires FHA Risk Share Insurance</i>)
Loan Term & Amortization	15-40 years <i>Loan Term depends on project type. Loan terms resulting in balloon payments will be considered on a case by case basis.</i>
Loan-to-Value (LTV) & Debt Service Coverage Ratio (DSCR)	New Construction/Substantial Rehab (up to 40-year term) 1.11 or 90% of NOI for projects with 90% or greater rental assistance 1.15 or 87% of NOI for affordable housing transactions Refinance/Acquisition/Mod Rehab (up to 35-year term) 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).
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 published standards. Studies include, but are not limited to: market study, environmental, appraisal, insurance, and PNA.
Interest Rate	Fixed rate based upon the 10-year U.S. Treasury yield plus a spread. <i>Indicative rates posted on IHDA's website and upon request. Interest rate may vary based on term. Rates include Mortgage Insurance Premium (MIP), servicing, and trustee/custodian fees. Rates assume 50/50 FHA Risk Share and is subject to change based on the level of Risk Share selected by IHDA.</i>
Payments	Construction: monthly – interest only Permanent: monthly – principal and interest (30/360 calculation)
Lockout	Construction: Pre-payable at any time. Permanent: 10-years from commencement of amortization.
Tax Credit Equity	15% due at construction loan closing with a total of 50% paid-in by construction completion.
Wage Requirements	Davis Bacon labor standards and prevailing wage requirements apply.
Subsidy Layering Review	Required on loans with tax credits, HUD/government assistance, and/or FHA Risk Share insurance.
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.
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.
Conversion Fee	\$5,000 (applies on the construction loans that convert to an IHDA permanent mortgage).
Fees and Costs	Borrower will reimburse reasonable and customary costs of IHDA related to closing the loan.
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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