

# IHDA SECTION 8 PRESERVATION LOAN PROGRAM

*Financing the creation and preservation of affordable housing.*

<b>Description</b>	Fixed-rate, construction-to-permanent financing for the substantial rehabilitation of properties with 90-100% of units covered by a project-based Section 8 Housing Assistance Payments contract.
<b>Project Types</b>	4% LIHTC
<b>Senior Loan Overview</b>	
<b>Loan Amount</b>	Minimum of \$10,000,000
<b>Interest Only Period</b>	Up to 3 years
<b>Amortizing Loan Term</b>	30 - 40 years
<b>Amortization</b>	30 - 40 years
<b>Interest Rate</b>	Indicative rates posted on IHDA's website and upon request
<b>Maximum Loan to Value</b>	90% (aggregate for Senior and Junior loan)
<b>Minimum Debt Service Coverage</b>	1.11 (in year 1 and stress tested in year 20)
<b>Affordability Requirements</b>	As limited by LIHTC program
<b>Credit Enhancement</b>	FHA Risk-Sharing 542(c)
<b>Loan Security</b>	First lien on land and any improvements, UCC filings, and any additional security reasonably required by IHDA's underwriting.
<b>Recourse</b>	Non-recourse with standard industry carve outs and environmental indemnity
<b>Rate Lock</b>	45-day rate lock (optional; private placement only)
<b>Lockout</b>	15-year no-call period, par prepayment thereafter
<b>Guaranty/Mortgage Credit Review</b>	Mandatory for the borrower(s), the sponsor(s), the guarantor(s), and each underlying entity/owner
<b>Junior Loan Overview</b>	
<b>Loan Amount</b>	Loan may not exceed the 15% of the combined Junior Loan and Senior Loan or \$5,000,000
<b>Loan Term</b>	Matches Senior Loan
<b>Amortization</b>	N/A
<b>Interest Rate</b>	1.00%
<b>Payment</b>	25% of cash flow; first priority of payment after deferred developer fee
<b>Repayment</b>	Repayment of Junior Loan due at first instance of either maturity, repayment of Senior Loan, refinancing of Senior Loan, or sale of property
<b>Maximum Loan to Value</b>	90% (aggregate for senior and junior loan)
<b>Affordability Requirements</b>	As limited by LIHTC program
<b>Loan Security</b>	Second lien on land and any improvements, UCC filings, and any additional security reasonably required by IHDA's underwriting.
<b>Recourse</b>	Non-recourse with standard industry carve outs and environmental indemnity
<b>Lockout</b>	No lockout
<b>Guaranty/Mortgage Credit Review</b>	Mandatory for the borrower(s), the sponsor(s), the guarantor(s), and each underlying entity/owner
<b>Reserves and Escrow</b>	
<b>Operating Reserve</b>	Six (6) months of operating expenses (not including debt service)
<b>Debt Service Reserve</b>	Six (6) months of debt service
<b>Replacement Reserve</b>	IHDA QAP standards
<b>Taxes and Insurance</b>	55% of the most recent annual real estate tax bill and 105% of the most recent annual insurance premium capitalized at final close
<b>Minimum Affordability</b>	LIHTC Standards

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<b>Loan Fees</b>	
<b>Application Fee</b>	Non-refundable \$2,500; \$1,500 if not-for-profit (no additional application fee for tax credit projects)
<b>Origination Fee</b>	Greater of 0.50% of the Loan Amount or \$35,000
<b>Good Faith Deposit</b>	Minimum \$10,000 (credited at initial close)
<b>Mortgage Insurance Premium (MIP)</b>	Fourteen (14) Months of MIP at final close (approx. 0.29% of the Senior Loan Amount)
<b>Legal Fee</b>	\$35,000 (additional legal fees may apply depending on IHDA resources)
<b>Plan &amp; Cost Review</b>	\$5,000
<b>Conversion Fee</b>	\$5,000
<b>Prepayment Fee</b>	\$5,000 (after lockout period has expired)
<b>Other</b>	
<b>Wage Requirements</b>	Davis Bacon labor standards apply.
<b>3rd Party Studies</b>	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.
<b>Bond Information</b>	See IHDA's program bond guidelines.

*Changes effective as of 09/01/2023.*

*The contents of this overview are for informational purposes only. This overview is not a commitment of any kind. Programs, fees, rates, terms, and conditions are subject to change without notice. All applications are subject to the satisfaction of the Authority's review, underwriting and credit approval. The Authority is not obligated to make any financing available. The Authority may accept, modify, or reject an application and/or the terms and conditions of financing, at any time in its sole and absolute discretion.*