



# IHDA CONSTRUCTION-TO-PERMANENT LOAN

*Financing the creation and preservation of affordable housing.*

<b>Description</b>	Fixed-rate, first lien construction-to-permanent mortgage financing for: new construction and substantial rehabilitation.
<b>Project Types</b>	4% LIHTC, 9% LIHTC, PSH, and other restricted affordable housing projects.
<b>Loan Overview</b>	
<b>Loan Amount</b>	\$1,000,000+
<b>Loan Term</b>	17 - 43 years
<b>Interest Only Period</b>	3 years
<b>Amortization</b>	30 - 40 years
<b>Interest Rate</b>	Indicative rates posted on IHDA's website and upon request
<b>LTV</b>	87% for affordable properties and 90% for subsidized properties
<b>Debt Service Coverage (DCR)</b>	1.15 for affordable properties and 1.11 for subsidized properties (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>Recourse</b>	Non-recourse with standard industry carve outs and environmental indemnity
<b>Rate Lock</b>	No more than 5 business days prior to initial closing
<b>Lockout</b>	10-years from commencement of amortization, 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>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>	60% of the most recent annual real estate tax bill and 110% of the most recent annual insurance premium capitalized at final close
<b>Minimum Affordability</b>	LIHTC Standards
<b>Loan Fees</b>	
<b>Mortgage Insurance Premium (MIP)</b>	Fourteen (14) Months of MIP at final close (approx. 0.29% of the Loan Amount)
<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 1.0% of the Loan Amount or \$35,000 (0.50% for bond funded loans)
<b>Good Faith Deposit</b>	Minimum \$10,000 (credited at initial close)
<b>Legal Fee</b>	\$25,000 (additional legal fees may apply depending on IHDA resources)
<b>Quantitative Advisor Fee</b>	\$37,500 (if applicable)
<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>	For bond funded loans, see IHDA's program bond guidelines.

*Changes effective as of 4/30/2025.*

*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.*