

SemiPerm Loan Program

	SEMI-Perm LOAN TERMS
Term	<ul style="list-style-type: none"> • 6 to 10 years + up to 5 years extension • 15 years
Interest Rate	<ul style="list-style-type: none"> • 3% simple for loans up to 10 years • 3.5 % simple, for 15 year loan <p>(Above rates will depend on HEART cost of funds)</p>
Eligible Borrower	Nonprofit, For-Profit individuals and entities.
Eligible Uses	<u>Rental projects</u> : Predevelopment; Acquisition; New Construction; Rehabilitation; Refinancing to preserve affordability.
Advantages	<p><u>New Construction Projects</u>: Loan can assist in activities needing longer time period to obtain entitlements until replacement financing.</p> <p><u>Existing Projects</u>: For projects needing rehab, loan allows a longer holding period until longer-term financing can be secured, including re-syndicating for tax credits.</p>
Housing Type	Multifamily-rental or other critical housing if/as determined by finding of the Board.
Affordability Targeting	<p>Due to Article 34 requirements, not less than 20% and up to 49% units will be targeted to households with annual incomes of 60% or less of AMI.</p> <p>For projects that receive State Prop. 1C funds and with 5+ units, at least 10% of the project units must be affordable to ELI households (annual incomes up to 30% AMI)</p>
Loan Approval	Board to approve by resolution.
Loan Maximum	<p>No ceiling - amount to be approved by Board.</p> <p>(Amount per unit is discretionary, except that the maximum per unit shall not exceed HOME Program subsidy limits*)</p>
Fee	1% of loan amount. (Extension Fee – 0.5%)
Security/ Lien Position	Secured by an interest in real property; letter of credit; interest in other acceptable collateral. Will subordinate.

Repayment	Minimum payment is interest-only based on negotiated monthly or quarterly schedule. Other payment options negotiable, including balloon payment based on: (a) Deferred payment except for interest (for up to TBD initial period); (b) Principal/interest pmts over fixed year term based on 30 year amortization with balloon at maturity.
Extension	For loans with terms \leq 10 years, may be extended for up to 5 years, at discretion of HEART Board, for a total loan term NTE 15 years. <u>Interest rate during extension</u> – may be at same rate up to 1% above original rate, but to be at least ½ % below market rate, determined by survey of rates charged by comparable term loans made by public purpose private lenders (e.g., Low Income Investment Fund, No. CA Loan Fund, CA Community Reinvestment Corp.)
Program Review	Annual review by Finance and Program Committees, which will make recommendation of any changes to the Board.
Loan to Value	Depends on type of project. LTV range not to exceed 80, 100, or 110% of project completion value at shown below**
Debt Coverage Ratio	See table** below.
Affordability Covenant	Required for 55 years upon Project Completion, except that HEART may defer to affordability deed restriction required by other lender/funder with affordability compliance requirements consistent with HEART's (a TBD percentage of the units targeted to households at 30 to 60 % AMI).
Non-Recourse	Yes.

***2012 HUD HOME Program Subsidy Limits (effective 5/8/2012)**

0 Bedroom	\$132,814
1 Bedroom	\$152,251
2 Bedroom	\$185,136
3 Bedroom	\$239,606
4 Bedroom	\$262,903

****Debt Coverage Requirements**

Project Type	Current LTV (%)	Post-Completion Value (%)
Acq./Rehab – to hold & operate	110	100
New Constr. Projects (NC) – Land Acq., with or without entitlements (more conservative if unentitled)	80 -100	100
NC – Entitled- Predevelopment, Construction	110	100
Refinancing	100	100