

Multifamily Lending Program

New Construction / Rehab



Eligibility Requirements

To be considered, all loan applications must meet the following criteria:

- Properties must be located in GA, NC, SC, TN, TX or VA
- At least 51% of the project units must provide housing for “low income” persons, defined as:
 - For Metropolitan Areas: households with an income of 60% or less of the area median income; or
 - For Non-Metropolitan Areas: households with an income of 80% or less of the area median income.
- Rents, including utilities, cannot exceed the applicable low income rent ceiling based on 30% of household income.
- Qualified units must remain occupied by low income tenants while financing remains in place.

Application and Review Process

Centrant Community Capital accepts state housing finance agency Low Income Housing Tax Credit applications as our application. Both for-profit and nonprofit developers/organizations may apply.

All applications are subject to a favorable staff review, followed by presentation to the Centrant Board of Directors for review and approval. **A complete loan package must be received at least one month prior to taking the loan request to the Board.** Board meetings are generally held on the first Thursday of each month.

If approved, the loan request will be distributed for review by Centrant’s member financial institutions. Once Centrant has received aggregate participation commitments from its members in an amount totaling at least 100% of the proposed loan amount, a commitment letter will be issued for a maximum term of twenty-four months.

Product	Conventional permanent financing for new construction and acquisition/rehabilitation projects
Loan Term	<ul style="list-style-type: none"> • Up to 18 years, with payments calculated on a 30-year amortization • 35-year amortization periods may be considered on a case-by-case basis
DSC	Minimum of 1.15x during entire loan term, including all subordinate debt
Loan-to-Value	Maximum of 80%, based on restricted income value at stabilized occupancy
Appraisal	<ul style="list-style-type: none"> • All projects require an appraisal prepared by an approved Class IV designated appraiser approved by Centrant’s Board of Directors; • Applicant may submit a construction lender’s appraisal for review, provided that Centrant is named as an authorized user/co-addressee by the construction lender on the appraisal; • If the appraisal is engaged by Centrant, applicant will be required to reimburse Centrant for the cost of the appraisal.
Security	First lien Deed of Trust / Mortgage only
Fees	<ul style="list-style-type: none"> • Application Fee: \$750 • Commitment Fee: 1% (\$3,000 minimum, non-refundable) • Loan Fee: 1% (\$3,000 minimum, due at closing)
Commitment Term	<ul style="list-style-type: none"> • Up to 24 months • Additional 6-month extensions may be approved, subject to a commitment extension fee
Pricing	<ul style="list-style-type: none"> • Fixed rate during the loan term, based on the prior month’s average yield of the 10-year Treasury Note plus a competitive margin; • Pricing will be set at the time of loan approval by the Board of Directors, and will be locked for the full duration of the commitment period; • In the event of an extension beyond the initial 24-month commitment period, adjustments based upon prevailing rates may apply.
Additional Security	All projects will be controlled by a recorded Regulatory Agreement
Reserves & Escrow	A tax & insurance escrow account, a replacement reserve account and an operating reserve account will be established or verified at time of permanent loan closing. The initial operating reserve amount will be determined at time of commitment (minimum of six months’ expenses/debt service).
Legal Fees	To be paid by Borrower at time of permanent loan closing

All terms subject to periodic review/revision by the Centrant Community Capital Board of Directors

Loan Application Checklist

The following is a list of exhibits and data which must be submitted with this application. Centrant Community Capital may require additional documentation deemed necessary to properly evaluate and underwrite each loan request.

The following items shall be required at time of application:

- \$750 application fee
- State tax credit application
- Evidence of tax credit allocation from appropriate state agency
- Letter of interest / commitment from equity investor or syndicator
- Income and expense proforma (including applicable replacement reserves)
- Preliminary site survey
- Site plan, elevations and floor plans
- Appraisal (to be submitted by Appraiser in accordance with Centrant's policy)
- Market/feasibility study
- Initial environmental assessment letter or environmental report (Phase I)
- Property description - briefly discuss the accessibility to neighborhood facilities and services
- Evidence of city approval/zoning approval
- Evidence that utilities are available to the site
- Evidence of site control (Deed, option or title insurance)
- Ground leases (if applicable)
- Evidence of other financing/loan agreements
- Financial statements (Developer/Sponsor, Managing General Partner)
- IRS Letter with Tax ID# for the Partnership/LLC
- By-Laws and Articles of Incorporation/Organization for the LP/LLC
- Partnership/LLC Agreement
- Narrative on managing general partner/sponsor's experience
- Management plan & management agreement
- Narrative on management company experience
- Narrative on builder experience
- Marketing plan

Questions?

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