

Ohio Affordable Housing Loan Fund

Presented by:

The Ohio Capital Finance Corporation a subsidiary of
the Ohio Capital Corporation for Housing

Partnerships in Motion



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Background

- ◆ From 2000-2004 OCCH lent out over \$3.6M in predevelopment loans
- ◆ Loans limited to \$50,000
- ◆ Short Term and Predevelopment Costs
- ◆ In 2002 Ohio Capital Finance Corporation received CDFI status
- ◆ In 2004 Ohio Affordable Housing Loan Fund was created - \$10,000,000



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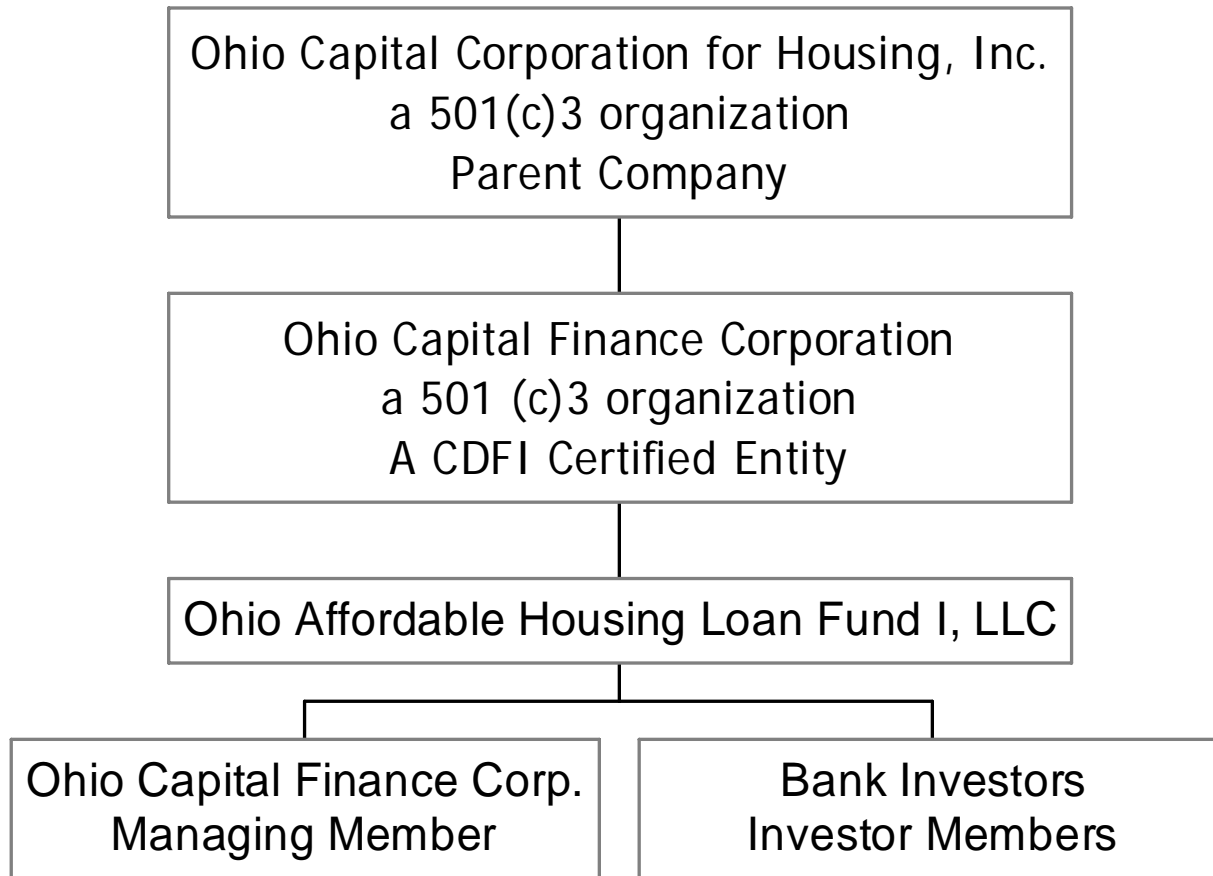
Ohio Affordable Housing Loan Fund Purpose

“To establish a *flexible* source of funds that can be utilized by development partners of Ohio Capital Corporation for Housing for use as predevelopment funding, acquisition financing and bridge financing.”



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Ohio Affordable Housing Loan Fund Organizational Structure





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Ohio Affordable Housing Loan Fund Investors

Investor	Investment Amount	Percent of Fund
Key CDC	\$2,000,000	20.00%
National City Bank	\$2,000,000	20.00%
PNC Bank	\$2,000,000	20.00%
US Bank	\$2,000,000	20.00%
Huntington National Bank CDC	\$1,000,000	10.00%
Wesbanco	\$500,000	5.00%
National Coop Bank	\$500,000	5.00%
Total	\$10,000,000	100.00%



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Ohio Affordable Housing Loan Fund Products, Rate and Term

Products

- ◆ Predevelopment Loan – Maximum \$100,000
- ◆ Acquisition Loan - Maximum \$1,000,000
- ◆ Year 15 Bridge Loan - Maximum \$1,000,000

Interest Rate

- ◆ Prime minus $\frac{1}{2}$ (6.5% - $\frac{1}{2}$ % = 6.0%)
- ◆ Interest accrues for life of loan
- ◆ Variable rate

Term

- ◆ 18-24 Months
- ◆ Principal & Interest repaid at construction loan closing



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Predevelopment Loan

- ◆ **Maximum Loan Amount: \$100,000**
- ◆ **Uses: architectural drawings, zoning, permitting, legal fees, phase I environmental report, engineering, real estate taxes, soils report, carryover costs, etc.**



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Acquisition Loan

- ◆ **Maximum Acquisition Loan - \$1,000,000**
- ◆ **Uses: To assist in acquiring land and/or buildings**
- ◆ **Limited to 90% loan to value (as is)**



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Year 15 Bridge Loan

- ❖ **Maximum Bridge Loan - \$1,000,000**
- ❖ **Use: Short term bridge financing for the purposes of disposition or resyndication of affordable housing at the end of its 15 year compliance period.**



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Lending Guidelines

- ❖ All projects must have a valid reservation of tax credits
- ❖ 80% of units must be affordable to 60% of AMI
- ❖ All projects will entail either multifamily or single family properties
- ❖ The minimum loan amount is \$10,000
- ❖ Borrowers may be nonprofit, public housing authority or for-profit entities
- ❖ The maximum lending limit per loan is \$1,000,000
- ❖ The maximum lending limit per borrower is \$2,000,000
- ❖ There are no prepayment penalties with any loan



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Collateral & Fees

Collateral

- ◆ Guarantee from parent of borrower, developer or another entity with net worth
- ◆ First or Second Mortgage if available
- ◆ Security Interest in tax credits

Fees

- ◆ Origination Fee – Greater of \$1,000 or 1%
- ◆ Servicing Fee – Greater of \$1,000 or 1%
- ◆ Fees are paid at closing
- ◆ The Fund is responsible for all transaction costs



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How to Apply?

- 1. Contact your OCCH Development Officer or Jon Welty for an Application and Closing Checklist.**
- 2. Return completed Application along with documents from the Closing Checklist (with resolutions) by the 10th of the month.**
- 3. Notification of approval by the 13th of the month.**
- 4. OCFC will draft closing documents and provide by them by 20th of the month.**
- 5. Returned signed documents to OCFC by the end of the month.**
- 6. Draw down funds the first week of the following month.**



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Frequently Asked Questions

- ◆ Can I borrow the loan fees? Yes
- ◆ Can I borrow funds twice, once for predevelopment and once for acquisition? –Yes
- ◆ Who is the borrower? – The tax credit partnership
- ◆ Does the Partnership (borrower) have to be formed? - Yes
- ◆ Can funds be wired to the General Partner or Developer's bank account? – No, the funds need to be transferred to the borrower's checking account
- ◆ Can you accept a mortgage instead of a guarantee? – No
- ◆ Can I payoff the loan in installments? – No
- ◆ Will you accept a check or do you prefer a wire? – A wire is preferred
- ◆ Can the loan be extended? – Yes, please provide notice to the fund for an extension – there are no extension fees



For additional information please contact:
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PARTNERSHIPS IN MOTION



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