



LENDING GUIDELINES AND TERM SHEETS

For information, please contact:
Ohio Capital Finance Corporation
88 East Broad Street, Suite 1800
Columbus, Ohio 43215
614.224.8446

<https://www.occh.org/resource/ohio-capital-finance-corporation-ocfc/>

Effective July 2020

BACKGROUND

Ohio Capital Finance Corporation (“OCFC”) provides a flexible source of capital to be utilized by development partners of the Ohio Capital Corporation for Housing (OCCH) for use as: *predevelopment funding, acquisition financing, and construction/bridge financing.*

OCFC is certified Community Development Financial Institution (CDFI) as certified by the CDFI Fund, United States Department of Treasury. Additionally OCFC is a member of the Federal Home Loan Bank of Cincinnati.

MISSION

Ohio Capital Finance Corporation provides flexible financing products and utilizes partnerships for the expansion and preservation of affordable housing to advance community development while ensuring that all residents regardless of income live satisfying lives and contribute to their community.

FUNDERS

OCFC utilizes funding provided by various organizations with a mission-focus of community development and affordable housing. These funders include: The Community Development Financial Institution Fund (CDFI Fund) of the US Treasury, JPMorgan Chase, PNC Community Development, US Bank CDC, First Financial Bank, Fifth-Third Bank, First Federal Lakewood, Huntington CDC, KeyCorp CDC, First National Bank of PA, WesBanco, The Affordable Housing Trust, National Cooperative Bank, First Merchants Bank, RiverHills Bank, Heritage Bank, The Union Bank Co., WoodForest Bank, First State Bank, and CF Bank.

GEOGRAPHIC FOCUS

All Projects must be located in Ohio, Indiana, Michigan, Kentucky, Pennsylvania or West Virginia.

LOAN PRODUCTS

1. **Predevelopment Loan**- available for costs associated with architectural drawings, permitting, professional fees, environmental investigation, and engineering;
2. **Acquisition Loan**- available for use in acquiring existing projects or vacant land;
3. **Equity Bridge/Construction Loan**- available for projects with a need to bridge investor equity or provide capital during the construction phase;
4. **Permanent Loan**- available to finance the long-term (15 years+) debt in a first mortgage position

PROJECT REQUIREMENTS

- All LIHTC Projects must have at least 80% of the units affordable to and occupied by residents earning less than 60% of the area median income
- All Projects may entail either multi-family or single-family properties
- All Projects must include at least 15 units

FEES

- Servicing and Origination Fees may be borrowed in addition to the maximum loan amount.
- Borrower is responsible for all third party fees including: legal, title, recording, and any other third party fees as deemed necessary by the lender.

GENERAL REQUIREMENTS AND LENDING GUIDELINES

- The Borrower will agree to syndicate with an OCCH affiliated Ohio Equity Fund or one of the investors if the Project has an award of Tax Credits
- Borrowers may be nonprofit, public housing authorities or for-profit entities
- Each Borrower (i.e. developer, guarantor, general partner, etc.) must be in good standing with the State Housing Agency issuing the tax credits and the Secretary of State
- OCFC will review borrower experience and capacity to determine eligibility; preference is provided for developers who have closed on at least one transaction with OCCH or a loan fund investor
- All Loans must have a likely and plausible payoff strategy
- Loans for LIHTC projects must have a valid reservation of tax credits
- Non Tax Credit Loans must have financing commitments in place
- Interest may accrue and is due and payable upon repayment of the Loan; or interest payments may be due as otherwise required by the lender
- There are no prepayment penalties
- Developer fees and operating costs are not eligible funding costs
- All Loans are expected to close and fund within 30 days of approval
- Loan extensions may be granted upon a written request from the borrower
- A Borrower may utilize multiple loan products for the same project
- Loans are subject to fund availability

For information on Loan Products, please contact:

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To request a loan application please fill out a request here:

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OCFC TERM SHEET

	PREDEVELOPMENT LOAN	ACQUISITION LOAN	EQUITY BRIDGE/CONSTRUCTION LOAN	Non Tax CREDIT LOAN
ELIGIBILITY	Must have a valid reservation of tax credits	Must have a valid reservation of tax credits	Must have a valid reservation of tax credits	Must have funding commitments in place
Loan AMOUNT	Pre-Development Loan: Maximum \$500,000+fees	Acquisition Loan: Maximum \$1,000,000+fees Preservation Acquisition Loan: Maximum \$5,000,000+fee	Equity Bridge: Maximum \$5,000,000+fees Construction Loan: Maximum \$5,000,000+fees	Predevelopment Loan: Maximum \$500,000+fees Acquisition Loan: Maximum \$1,000,000+fees
ELIGIBLE USES	Costs such as tax credit reservation fees, appraisals, market study, environmental reports, engineering, design fees, professional fees, bank commitment fees, etc.	Costs associated with acquiring the land or buildings for affordable housing, including title and recording costs	Equity Bridge-financing for the purposes of bridging in tax credit equity, or disposition or resyndication of affordable housing at the end of its 15-year compliance period Construction Costs-including hard and soft costs	Short-term financing for the purposes of acquiring real estate or financing predevelopment costs including: market study, phase I, engineering, design fees, professional fees, bank commitment fees, etc.
INTEREST RATE	Variable at the greater of 4.0% or Prime minus 100bps	Variable at the greater of 4.0% or Prime minus 100bps	Variable at the greater of 4.0% or Prime minus 100bps	Variable at the greater of 4.0% or Prime minus 100bps
PREPAYMENT PENALTY	None	None	None	None
ORIGINATION FEE	The greater of \$1,000 or 1%	1%	1%	1%

SERVICING FEE	The greater of \$1,000 or 1%	1% (waived for loans over \$2,500,000)	1% (waived for loans over \$2,500,000)	1%
CLOSING COSTS	legal and third party closing costs	legal and third party closing costs	legal and third party closing costs	legal and third party closing costs
COLLATERAL	Developer guarantee and assignment of general partner interest; 1 st mortgage if available	1st or 2nd mortgage, developer guarantee, and assignment of general partner interest	Developer Guarantee, assignment of general partner interest, 1 st or 2 nd mortgage and/or pledge of limited partner's capital contribution	1 st mortgage, Developer Guarantee, and assignment of takeout source
TERM	The earlier of the construction loan closing or 24 months; Preservation Loans up to 36 months	The earlier of the construction loan closing or 24 months; Preservation Loans up to 36 months	Less than 24 months; Preservation Loans up to 36 months	Less than 24 months
LOAN TO VALUE	Not Applicable	Limited to 100% of purchase price	Not Applicable	Limited to 100% of purchase price
Insurance	Not Applicable unless mortgage is taken	Liability and Property Required	Liability and Property (Builder's Risk) Required, and Payment and Performance Bond	Liability and Property Required

THE OCFC Permanent LOAN Term Sheet

PURPOSE

The OCFC Permanent Loan is a long-term debt product to be used in conjunction with any LIHTC projects which are syndicated by Ohio Capital Corporation for Housing.

LENDER

The Lender is the Ohio Capital Finance Corporation ("OCFC") which may sell, originate or assign the loan to another financial institution.

GEOGRAPHIC FOCUS

All Projects must be located in Ohio, Indiana, Kentucky and West Virginia

MAXIMUM LOAN AMOUNT

The maximum loan amount is \$1,000,000 (not including fees)

MINIMUM LOAN AMOUNT

The minimum loan amount is \$100,000 (not including fees)

PROJECT REQUIREMENTS

All Projects must have at least 80% of the units affordable to and occupied by residents earning less than 60% of the area median income

FEES

Origination Fee: 1.0% of the loan amount paid at closing from 1st construction draw

Servicing Fee: 1.0% of the loan amount paid at closing from 1st construction draw

Third Party Fees: The Borrower is responsible for all 3rd party fees including: appraisal, phase I environment study, market study, legal, title, recording, etc.

Application Fee: None

GENERAL REQUIREMENTS AND LENDING GUIDELINES

Debt Coverage

Ratio: All Loans must underwrite to a 1.20 : 1.0 Debt Service Coverage upon stabilization

Loan Funding: The loan will be fully funded upon construction completion when the tax credit investor's equity completion payment is made, certificate of occupancy for all units, release or waiver of all liens and an acceptable draft cost certification has been reviewed

Term: 17 years (2 years for construction and 15 years for operations)

Amortization: Up to 30 years rehabilitation projects and up to 40 years for new construction projects

Interest Rate: Please call OCFC for a rate quote. The interest rate is locked upon execution of the term sheet. Monthly principle and interest payments begin upon the loan being fully funded.

Loan to Cost Ratio: The loan amount shall not exceed 20% of the total project's cost.

Security: This is a nonrecourse loan. The loan will be in second position during construction and first position post construction (upon the repayment of the construction loan).

Prepayment Penalty: None

Other:

1. The Borrower agrees to syndicate with an OCCH sponsored equity fund.
2. Available to experienced developers of affordable housing. Preference is provided for developers who have closed on at least one transaction with OCCH.
3. The Borrower is the LIHTC partnership or operating company.
4. All Loans are expected to be fully funded within 18 months of closing.
5. Lender requires real estate tax, insurance and replacement reserves to be escrowed with Lender.