



PRESERVATION LOAN PROGRAM

Program Description	<p>The Preservation Loan Program (“Preservation Program”) provides acquisition/rehabilitation and permanent loan financing for housing developments in order to preserve and/or increase the affordability status of existing multifamily housing projects.</p>
Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors • For Section 8 projects, final commitment is conditioned upon review and acceptance by CalHFA of the AHAP contract • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. This includes subordinate loans, deferred payment loans, residual receipts loans, indirect loans provided by CalHFA to localities or other lending entities and made to a project, or any other financing provided directly or indirectly by CalHFA at loan origination or anytime thereafter. Please click here for the CalHFA Portfolio Loan Prepayment Policy #1
Loan Amount	<ul style="list-style-type: none"> • Minimum 115% for debt service coverage ratio • Lesser of 90% of restricted value or 80% of development costs
Fees (subject to change)	<ul style="list-style-type: none"> • Application Fee: \$5,000 non-refundable, due at time of application submittal • Loan Fee: 1.00% of the acquisition/rehabilitation loan amount due at bond closing • Credit Enhancement Fee: included in the interest rate • Bond Issuer Fee and Monitoring Fee: included in the interest rate • CDLAC Allocation Fee: 0.035% of the bond amount, \$600 due at time of CDLAC application submittal with the remaining fee due at bond closing
Rate & Terms (subject to change)	<p>Rehabilitation Loan:</p> <ul style="list-style-type: none"> • Please click here for Interest Rate • Loan Payments/Term – interest only, up to 24 months <p>Permanent Loan:</p> <ul style="list-style-type: none"> • Please click here for Interest Rate • Loan Payment/Term – fully amortized, up to 35 years
Credit Enhancement	<p>The Preservation Program will be credit-enhanced through CalHFA’s HUD/FHA Risk Sharing program. Projects financed through the Preservation Program must comply with the Davis-Bacon Act and/or California prevailing wage requirements.</p>

Prepayment	The loan may be prepaid at par after 15 years of placed in service date with a written 120-day notice.
Subordinate Financing	Tax credits and loans or grants are encouraged from local government and third parties to achieve project feasibility. All loans, leases, development and regulatory agreements must be coterminous and subordinate to the CalHFA financing. Any loans with amortized debt will be included in the minimum 115% debt service ratio calculation.
Occupancy Requirements	<ul style="list-style-type: none"> • Either (a) 20% of the unit types must be rent restricted and occupied by individuals whose incomes are 50% or less of the area (county) median gross income as determined by HUD (“AMI”) with adjustments for household size (“20% @ 50% AMI”), OR (b) 40% or more of the unit types must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for HUD for household size (“40% @ 60% AMI”): however in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI. • Loans in excess of \$10 million may require additional levels of affordability. • For those units restricted by CalHFA to 60% or less of AMI, in adjusting rents for household size, the Borrower will assume that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit. • Projects for seniors require rents based on one person per bedroom on the CalHFA restricted units.
Due Diligence	<p>All of the following due diligence efforts are required and shall be provided at the borrower’s expense:</p> <ul style="list-style-type: none"> • Property appraisal • Market study • Phase I Environmental Site Assessment report including but not limited to impact reviews that meet federal environmental requirements (such as historic preservation and noise remediation) • Green Physical Needs Assessment for rehabilitation projects with “Needs Over Time” analysis for the term of the loan • Substantial rehabilitation of the project must meet or exceed 15% of the project’s value after the rehabilitation • Rehabilitation period inspection fees are estimated at \$500 - \$1,000 per month • Termite/Dry Rot reports by licensed company • Seismic review and other studies may be required at CalHFA’s discretion

	<ul style="list-style-type: none"> • Other studies/reports at CalHFA's discretion
Required Reserves	<ul style="list-style-type: none"> • Replacement Reserve: Initial cash deposit required, varies by project type and PNA • Operating Expense Reserve (may be required): 10% of annual gross income due at permanent loan closing (letter of credit or cash). • Impounds: One year's prepaid earthquake, hazard insurance premiums, and property tax assessments • Earthquake Insurance Waiver: Available on projects which have met CalHFA earthquake waiver standards during construction. • Other reserves as required
Questions	<p>Questions regarding the Preservation Program can be directed to CalHFA's Multifamily Program's Division:</p> <ul style="list-style-type: none"> • Ruth Vakili, Loan Officer, Multifamily Programs • 500 Capitol Mall, MS 1420, Sacramento, CA 95814 • Phone: 877.922.5432 or directly at 916.326.8816 • Email address: rvakili@calhfa.ca.gov <p style="text-align: center;">or</p> <ul style="list-style-type: none"> • James Morgan, Chief, Multifamily Programs • 500 Capitol Mall, MS 1420, Sacramento, CA 95814 • Phone: 877.922.5432 or directly at 916.326.8806 • Email address: jmorgan@calhfa.ca.gov

IMPORTANT DISCLOSURE INFORMATION:

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject to change from time to time without prior notice. The California Housing Finance Agency does not discriminate on any prohibited basis in employment or in the admission and access to its programs or activities.

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