



## CalHFA SMALL LOAN PROGRAM

<b>Program Description</b>	<p>The <b>CalHFA Small Loan Program (“Small Loan Program”)</b> provides acquisition/rehabilitation and permanent loan financing in order to preserve and/or increase the affordability of existing, smaller multifamily housing developments.</p>
<b>Qualifications</b>	<ul style="list-style-type: none"> <li>• Available to for-profit, non-profit, and public agency sponsors.</li> <li>• Taxable financing only – (tax-exempt bonds will not be issued for these projects).</li> <li>• For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Please click here for the <a href="#">CalHFA Portfolio Loan Prepayment Policy</a></li> </ul>
<b>Loan Amount</b>	<ul style="list-style-type: none"> <li>• Minimum 1.15x for debt service coverage ratio</li> <li>• Lesser of 90% of restricted value or 100% of development costs</li> <li>• Loan amounts range from \$1,000,000 up to \$2,500,000 (or up to \$3,500,000 in HUD designated high cost areas).</li> </ul>
<b>Fees</b> (subject to change)	<ul style="list-style-type: none"> <li>• <b>Application Fee:</b> \$5,000 non-refundable, due at time of application submittal</li> <li>• <b>Loan Fee:</b> 1.00% of the loan amount due at loan closing</li> <li>• <b>Monitoring Fee:</b> included in the interest rate</li> <li>• <b>Legal Fee:</b> \$2,500, due at loan closing</li> </ul>
<b>Rate &amp; Terms</b> (subject to change)	<p><b>Rehabilitation Loan:</b></p> <ul style="list-style-type: none"> <li>• 2 year Treasury plus 1.35% - 2.10%, fixed for the term of the loan</li> <li>• Loan Payments/Term – interest only, up to 24 months</li> </ul> <p><b>Permanent Loan:</b></p> <ul style="list-style-type: none"> <li>• 10 year Treasury plus 2.05% - 3.05%, fixed for the term of the loan</li> <li>• Loan Payment/Term – fully amortized, up to 40 years</li> </ul> <p><b>Interest Rate is locked up to 60 days prior to loan close</b></p> <p>Interest rates may be subsidized if the project meets the requirements of CalHFA’s subsidy funds policy.</p>
<b>Prepayment</b>	<p>The loan may be prepaid at par after 15 years of the permanent loan period. All prepayments require a written 120-day notice to CalHFA.</p>

<p><b>Subordinate Financing</b></p>	<p>Loans or grants are encouraged from local government and third parties to achieve project feasibility. All loans, leases, development and regulatory agreements must be subordinate, and coterminous or of greater term than, the CalHFA financing. Any loans with amortized debt will be included in the minimum 1.15x debt service coverage ratio calculation.</p>
<p><b>Occupancy Requirements</b></p>	<ul style="list-style-type: none"> <li>• Must maintain the greater of (1) existing affordability restrictions, or (2) <b>either (a)</b> 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 (<b>“20% @ 50% AMI”</b>), <b>OR (b)</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 (<b>“40% @ 60% AMI”</b>): <b>however</b> in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI. <b>In either case, at least 51% of the units must be restricted at 80% or less of AMI.</b></li> <li>• For those units restricted by CalHFA, in adjusting rents for household size, the Owner/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.</li> <li>• Projects for seniors require rents based on one person per bedroom on the CalHFA restricted units.</li> </ul>
<p><b>Due Diligence</b></p>	<p><b>All of the following due diligence items are required and shall be provided at the Owner/Borrower’s expense:</b></p> <ul style="list-style-type: none"> <li>• Property appraisal</li> <li>• 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)</li> <li>• Physical Needs Assessment (PNA) for rehabilitation projects with “Needs Over Time” analysis for the term of the loan</li> <li>• Rehabilitation period inspection fees are estimated at \$500 - \$1,000 per month</li> <li>• Termite/Dry Rot reports by licensed company</li> <li>• Seismic review and other studies may be required at CalHFA’s discretion</li> <li>• Other studies/reports at CalHFA’s discretion</li> </ul>

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

**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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