



SMALL ACQUISITION/REHABILITATION LOAN PROGRAM

CalHFA's Small Acquisition and Rehabilitation Loan Program ("Acq/Rehab Loan") provides taxable short-term financing for housing developments that preserve and/or increase the affordability of existing multifamily rental developments for individuals, families, seniors, veterans, and special needs tenants. This Acq/Rehab Loan must be paired with a CalHFA Permanent Loan. ("Perm Loan")

Qualifications	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. • Substantial rehabilitation of the project must meet minimum TCAC standards. • Only taxable financing is available. • The Small Acq/Rehab Program may be used with or without 9% low income housing tax credits. • For Section 8 projects, final commitment is conditioned upon review and acceptance by CalHFA of the HAP or AHAP contract. • For existing CalHFA portfolio loans, the current owner is required to pay off all outstanding CalHFA debt. Visit www.calhfa.ca.gov for the CalHFA Portfolio Loan Prepayment Policy. • Projects must comply with the California prevailing wage requirements.
Loan Amount	<ul style="list-style-type: none"> • Acq/Rehab Loan amounts range from \$1,000,000 up to \$2,500,000 (or up to \$3,500,000 in CalHFA designated high-cost areas). • Lesser of 90% of post-rehabilitation restricted value or 100% 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. • Acq/Rehab Loan Fee: 1.00%, half due at final commitment, with balance due at Acq/Rehab Loan closing. • Legal Fee: \$25,000, due at Acq/Rehab Loan closing. • Perm Loan Monitoring Fees: \$7,500 annually. • Rehabilitation period inspection fees should be estimated at \$500 - \$1,000 per month. • Administrative Fee: \$1,000 due at Acq/Rehab Loan closing.
Rate & Terms (subject to change)	<ul style="list-style-type: none"> • Interest Rate is equal to (a+b)/c: <ol style="list-style-type: none"> 2 year U.S. Treasury plus 1.40%-2.40% times the portion of the Small Acq/Rehab Loan that exceeds the Perm Loan amount. 10 year U.S. Treasury plus 2.50%-3.50% times the Perm Loan amount. Acq/Rehab Loan amount. • The rate is fixed for the term of the Acq/Rehab Loan and locked up to 30 days prior to Acq/Rehab Loan close. • Acq/Rehab Loan Payment/Term: interest only, up to 36 months. • A six-month extension is permitted upon payment of a fee equal to 0.50% of the Acq/Rehab Loan amount. <p>Acq/Rehab Loan is fully disbursed at closing, with CalHFA administering the rehabilitation account and draw process.</p>

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<p>Subordinate Financing</p>	<p>Financing and/or grants are encouraged from local governments and third parties to achieve project feasibility. All non-CalHFA financing, leases, development and regulatory agreements must be coterminous (or have a longer term than the combined Acq/Rehab Loan and CalHFA Perm Loan terms) and be subordinate to the CalHFA financing.</p>
<p>Occupancy Requirements</p>	<p>Must maintain the greater of (A) existing affordability restrictions, or (B) either (i) 20% of the units 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 (ii) 40% or more of the units must be both rent restricted and occupied by individuals whose income is 60% or less of the AMI, with adjustments for household size ("40% @ 60% AMI"); however in the latter case, a minimum of 10% of the units must be at 50% or less of AMI ("10% @ 50% AMI"). In either case, at least 51% of the units must be restricted at 80% AMI or less.</p> <p>CalHFA's regulated units must represent a pro-rata share of the available unit sizes (by bedroom count and square feet), and be disbursed throughout the project.</p>
<p>Due Diligence</p>	<p>The following due diligence is required and shall be provided at the Borrower's expense:</p> <ul style="list-style-type: none"> • Property appraisal (ordered by CalHFA). • Physical Needs Assessment ("PNA") for rehabilitation projects with a Replacement Reserve Needs Analysis ("RRNA") over time for the initial 20-year term (ordered by CalHFA). • 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). • Market Study satisfactory to CalHFA. • Termite/Dry Rot reports by licensed company. • Seismic review and other studies may be required at CalHFA's discretion.
<p>Guarantee</p>	<ul style="list-style-type: none"> • Acq/Rehab loans are full recourse prior to payoff and closing of the CalHFA Perm Loan. • Payment and performance bonds required (letter of credit maybe substituted, subject to CalHFA approval). • A Payment and Completion Guaranty is required.

Last revised: 11/2018

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. Not printed at taxpayer expense.