

Churchill Private Tax Exempt Loan

Construction to Permanent Financing for 4% LIHTC Affordable Housing Properties



The Churchill Private Tax Exempt Loan (P-TEL) is a tax-exempt construction/permanent loan (the “Loan”) provided by Churchill Stateside Group for 4% Low Income Housing Tax Credit Housing Properties. The Loan will require an allocation and issuance of tax-exempt bonds and will be funded on a “draw-down” basis.

The loan has two distinct phases:

1. Construction Phase - an initial phase during which funds will be advanced to Bond Issuer and loaned to the Borrower. Payments during the Construction Phase will be interest only.
2. Permanent Phase - a subsequent phase when, upon completion of construction and achievement of stabilized operations, the Loan will be paid down to a lower Permanent Phase amount. Payments during the Permanent Phase will be amortized with P & I payments.

TERMS

Eligible Properties

First mortgage loans for the new construction or substantial rehabilitation of affordable housing communities with tax-exempt bonds.

Qualified Borrower

Single asset, single purpose entity.

Debt Coverage Ratio

1.15x Minimum. DSCR calculations include all subordinate debt with required debt service payments.

Loan To Value

90% Maximum LTV. LTV calculation includes all subordinate debt with required debt service payments.

Guarantee

Full-Recourse during the Construction Phase. Non-Recourse during the Permanent Phase.

Interest Rate

Floating Rate during Construction Phase, converting to Fixed Rate financing during Permanent Phase. Permanent Phase rate locked before Construction Phase loan closing.

Construction Period Term

Up to 30 months; extensions available upon request.

Permanent Period Term

18-year standard term commencing after Construction Phase, longer terms available on a case-by-case basis.

Amortization

Up to 40 years.

Affordability Requirements

All properties must meet minimum LIHTC affordability requirements.

Secondary Financing

Secondary financing is permitted and must be subordinate.

Replacement Reserve

Minimum of \$250 PUPA for new construction and \$300 PUPA of substantial rehabilitation, held by CSG.

Operating Deficit Reserve

The greater of \$25,000 or three months of debt service, held by Churchill Stateside Group.

