

## Long-Term Tax-Exempt Conduit Loan

### New Construction and Acquisition/Rehabilitation

MassHousing's conduit loan program provides developers with another option in our expanding menu of loan executions: Access to tax-exempt debt and 4% low-income housing tax credits as well as the ability to use a commercial lender of their choice. MassHousing (as the conduit lender) issues the tax-exempt debt while the commercial bank underwrites the loan, using its own standards. The borrower gets all the advantages of tax-exempt financing while building stronger working relationships with its commercial banking partners.

The following general lending terms and additional MassHousing requirements also apply:

General Lending Terms	
<b>Loan Type</b>	Construction-to-permanent or permanent only*
<b>Interest Rate</b>	As determined by Commercial Lender
<b>Loan-to-Value Ratio</b>	As determined by Commercial Lender, up to 90% LTV
<b>Term/Amortization</b>	Up to 40 years plus construction
<b>Bond Affordability</b>	A regulatory agreement containing Internal Revenue Code affordability requirements will be required.
<b>Prepayment</b>	No prepayment in whole or in part is permitted for first 15 years without MassHousing's consent
<b>Application Fee</b>	As determined by Commercial Lender and including a \$5,000 MassHousing fee, due prior to loan commitment
<b>MassHousing Issuance Fee</b>	1.0% of Loan Amount due at closing
<b>Bond Issuance Costs</b>	Borrower pays all bond issuance costs including bond counsel fees
<b>Construction Security</b>	100% P&P and lien bonds
<b>Replacement Reserves</b>	As determined by Commercial Lender

\* Construction loan-only proposals may be considered on a case-by-case basis, but the structure and fees will differ from those listed above

Additional Requirements	
<b>Statutory Affordability</b>	A disposition agreement, recorded ahead of all mortgages and other restrictions, will require at least 20% of the units at 80% of AMI (Area Median Income)
<b>Limited Dividend Requirement</b>	Annual distributions of cash flow are limited to 10% of equity
<b>Construction Wages</b>	For the new construction of 11 or more units, state Prevailing Wages are required to be paid
<b>Asset Management Requirements</b>	MassHousing-approved Tenant Selection Plan and Affirmative Fair Housing Marketing Plan, along with 3% DMH/DDS set-aside**

\*\*3% of units must be set aside for residents receiving services from the MA Department of Mental Health or MA Department of Developmental Services

For more information, please contact a Rental Relationship Manager:

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