

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	
Loan Type	Construction-to-permanent or permanent only*
Interest Rate	As determined by Commercial Lender
Loan-to-Value Ratio	As determined by Commercial Lender, up to 90% LTV
Term/Amortization	Up to 40 years plus construction
Bond Affordability	A regulatory agreement containing Internal Revenue Code affordability requirements will be required.
Prepayment	No prepayment in whole or in part is permitted for first 15 years without MassHousing’s consent
Application Fee	As determined by Commercial Lender and including a \$5,000 MassHousing fee, due prior to loan commitment
MassHousing Issuance Fee	1.0% of Loan Amount due at closing
Bond Issuance Costs	Borrower pays all bond issuance costs including bond counsel fees
Construction Security	100% P&P and lien bonds
Replacement Reserves	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	
Statutory Affordability	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)
Limited Dividend Requirement	Annual distributions of cash flow are limited to 10% of equity
Construction Wages	For the new construction of 11 or more units, state Prevailing Wages are required to be paid
Asset Management Requirements	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 member of our team at (617) 854-1810, or at RentalDevelopers@masshousing.com.

