

NHSA-CDFI Interim Development Loan Program Frequently Asked Questions

What is the timeframe from application to loan closing?

The approval process takes from 30 – 60 days from the time of receipt of the completed application to NHSA-CDFI Board Loan Committee decision. If approved, we will send you a commitment letter within 5 business days. It may take up to 30 days to complete loan closing.

What costs can be financed with NHSA-CDFI's interim development loan?

NHSA-CDFI can consider almost any cost including land or property acquisition, development costs of all kinds, and bridge or gap financing. We're willing to think very creatively to help get your development project completed.

What are the key underwriting issues for NHSA-CDFI's Interim Development loan?

The key underwriting issue is the capacity of the NeighborWorks® organization to complete the development and the financial feasibility of the project. NHSA-CDFI can fill in financing gaps on big projects or undertake a larger piece for projects that are too small for local lenders.

Can our organization borrow enough to pay the interest on the loan until the take-out financing is available?

Absolutely. We want to help you succeed.

How long can we hold a loan commitment before we use it?

Generally three to six months, but this is determined on a case-by-case basis.

When and how are loan fees/costs paid?

The loan origination fee and associated closing costs are due at closing. The loan fee and/or closing costs may be paid up front or rolled into the loan.

What kinds of technical assistance can NHSA-CDFI provide to our organization?

Technical assistance is an important part of NHSA-CDFI's Interim Development loan program. Sometimes, we can offer advice or suggestions to make a development proposal stronger. In addition, we may be able to propose ideas for other sources of funds or we may suggest staging the funding of your development, if appropriate.

What are NHSA-CDFI's on-going requirements once our loan is closed?

- 1) Loan payments are due by the first and late after the 15th of the month. Late fees are 5% of the outstanding payment.
- 2) During the development period, we require quarterly reports on the development's financial status and construction progress. We also require financial reports for the NWO. If the loan has a draw schedule, we need to make sure the draw schedule does not get ahead of the work being done; we will not make disbursements that exceed the value of the development activity.
- 3) We also require annual verification that the tax obligations on the property are current and that the NWO has hazard and liability (builder's risk) insurance on the property for which NHSA-CDFI is named loss payee in an amount equal to or greater than NHSA-CDFI's loan.

For additional information contact NHSA-CDFI:

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