



**PREDEVELOPMENT LOAN PRODUCT
TERMS & CONDITIONS**

- ELIGIBLE PURPOSES:** Financing of predevelopment and preconstruction costs related to affordable housing projects, new construction or substantially rehabilitated, receiving an allocation of 4% or 9% Low-Income Housing Tax Credits (LIHTC).
- ELIGIBLE BORROWERS:** Developer recipients of a 4% or 9% LIHTC commitment from KHC for the construction or substantial rehabilitation of affordable rental housing in the Commonwealth of Kentucky, except the following:
1. Any developer for whom KHC has obtained a credit report in the past three years indicating at any time that the developer's average days beyond terms of paying have been 30 days or more;
 2. Any developer who has had any funding commitment rescinded by KHC or has returned any funding commitment to KHC within the preceding five years; or
 3. Any developer who has had a financial default with KHC in the last year.
- LOAN AMOUNTS:** Up to \$750,000
- INTEREST RATE:** BSBY plus 1.4%, adjusts 1st day of each calendar month.
- CLOSING COSTS:** \$7,500
- TERM:** Earlier of 18 months or the time of closing on the equity interest for the LIHTC (payment of first equity contribution by investment partner).
- REPAYMENT TERMS:** All principal and interest will be deferred due at maturity (see Term).
- COLLATERAL:** Pledge of first equity contribution and some combination of the following: personal guarantee of principle of the developer, pledge of the general partner interest, mortgage of property if owned or used for acquisition financing.
- ALLOCATION PROCESS:** Part of 4% or 9% LIHTC application. Only available to eligible borrowers awarded 4% or 9% LIHTC in the funding round.
- DISBURSEMENT:** All loan proceeds will be disbursed in full at closing.