

HOME Loan Structuring Examples

The HOME loan-structuring goal is to find a balance between offering flexible financing that assists in strengthening the project viability and still secures a return from the HOME loan. In your application narrative, you are welcome to propose different loan terms for consideration. Include a project pro forma with your requested loan amount and terms. Upon review by IHFA, there may be short periods of deferment for three to five years for repayment of the certified deferred developer fee.

Examples:

- a. Interest rate of 1%, monthly payment amortized over thirty years, or as a yearly net cash flow payment.
The net cash flow payment would be split with 80% to IHFA HOME Dept. as a payment on the loan and 20% retained by the Project. At year thirty, if a balance is owed it would be due. The balance could be re-amortized and spread over an additional five to ten years in equal installments.

- b. Interest rate of 3%, monthly payment amortized over thirty years, or as a yearly net cash flow payment. The net cash flow payment would be split with 50% to IHFA HOME Dept. as a payment on the loan and 50% retained by the Project.

- c. Acquisition: Interest rate of 1% to 3%, monthly or yearly payment amortized over thirty years. On USDA Rural Development and other acquisition projects.

Please contact the IHFA HOME staff if you have any additional questions regarding the HOME Loan and repayment terms.

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