



Multifamily Credit Framework

1. Approval Authorities
2. Policies and Underwriting Standards
3. Approval Process

Approval Authorities

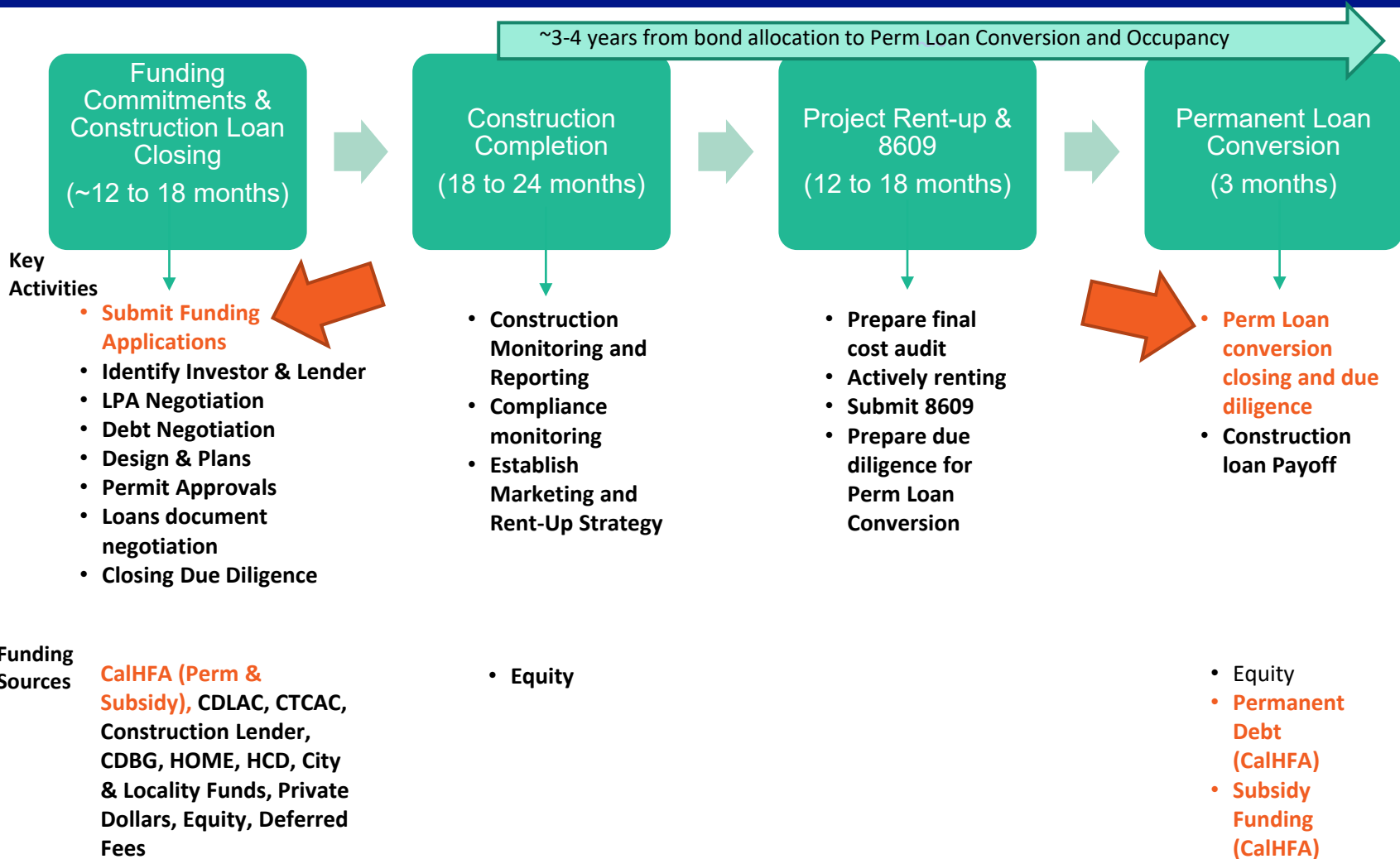
- Defined by Board via Resolutions
 - Resolution #20-16 – Delegation of approval authority to the ED up to \$15MM for any single project financing under the MF 1st Lien Permanent Loan and/or any other existing multifamily lending programs.
 - Resolution #19-02 – Approval of the CalHFA Mixed Income Program and Delegation of Authority to the ED to approve Program Loans, Program Documents and to Amend Program Term Sheet and Program Procedures and Guidelines.

Project details related to approvals granted under either resolution must be presented to the board at the next regularly scheduled board meeting.

Policies & Underwriting Standards

- Multifamily Loan Underwriting Standards and Reference Manual (USRM)
 - Defines Multifamily Staff Responsibilities
 - Includes Eligibility Requirements, Underwriting Requirements, Legal Requirements, Financial Analysis Standards, HUD Guidelines for deals with HUD Risk Share, Conversion and Closing Requirements etc.
 - Includes Policies related to:
 - Equity Out
 - Subsidy Funds

Project Development, Financing Approval, and Funding Cycle



Approval Process

- Initial Loan Approval process (to facilitate CDLAC/TCAC applications):


- Loan Officer develops a preliminary Staff Report:
 - Includes project affordability, sources and uses, and project level economic analysis (inclusive of market study) – not subject to all due diligence outlined in USRM.
 - Submit to Credit Officer and Division Director for approval and recommendation to Senior Loan Committee (Executive Director and/or Chief Deputy Director).
- Credit Officer presents to Senior Loan Committee for preliminary approval.



2-6 months

- Final Loan Approval Process (after receipt of allocation of Bond Cap and Federal/State Tax Credits:

- Loan Administrator collects all due diligence as outlined in USRM.
- Loan Officer and Underwriter prepare final form of the Staff Report and submit to “Deal Team” (loan administrator and attorney) for review and comment.
- Loan Officer submits final version to Credit Officer for review and comment.
- Final Staff Report presented for discussion at Senior Loan Committee Pre-Meeting including Division Director, Credit Officer and Deal Team.
- Final Staff Report along with Deal Team recommendation (Strengths/Weaknesses/Mitigants) presented to Senior Loan Committee for Approval.
- Final Loan Approval translated by legal into Final Commitment Letter and Loan Documents.



2-4 years

- Permanent Conversion Approval and Closing:

- Deal Team (does a full economic analysis of the completed and leased project to ensure it meets all underwritten benchmarks related to affordability, rental rates, occupancy, debt service coverage, LTV etc.

Exceptions Tracking (example)

MIP 2020 - Project Name	Status of Approval	CalHFA Permanent Loan	Exception 1	Exception 2	Exception 3	Exception 4	Other Exceptions
Santa Rosa Avenue Apartments	Final Commitment	NO	X				X
Kawana Springs Apartments	Final Commitment	NO	X				X
The Atchison	Final Commitment		X				X
The Redwood Apartments	Final Commitment	YES	X			X	
Courtyards at Kimball	Final Commitment	NO	X			X	
Frishman Hollow II	Final Commitment	YES	X	X	X		
The Parkway Apartments	Final Commitment	YES	X				
Mission Gateway	Final Commitment	NO	X			X	
Arden Way Apartments	Final Commitment	YES	X	X	X		X
Beacon Villa	Final Commitment	YES	X	X			
1717 S Street	Final Commitment	NO	X			X	
Brand Haven Senior Apartments (formerly Fancher Creek)	Final Commitment	YES	X - Pending				
One Lake Family Apartments	Final Commitment	YES	X	X	X		
Vintage at Woodman	Initial Commitment	NO				X	
Front & Beech Apts	Initial Commitment	NO					
Exception 1 - RR Split >50/50 Program Limit							
Exception 2 - MIP Per Unit Allocation Exceeds Program Limit							
Exception 3 - MIP Total Amount Exceed 50% of Perm Loan Amount Program Limit							
Exception 4 - 81% to 120% Tranche Waiver due to market study or investor req'd							

- Inherent part of competitive and/or unsettled market.
- Referred to Board for approval at ED's discretion (i.e. exception 2 above).
- Tracked for reference when considering changes to Program Structure.



California Housing Finance Agency

Questions?