



May 16, 2017

VHDA Multifamily Loan Program Updates

Expanded Risk Share Pilot Program

You may be aware that VHDA has been conducting a small pilot program for the HUD / Federal Financing Bank (FFB) Risk Share program. We have recently closed our first transaction, and are now ready to expand the pilot to further developments and additional transaction types. In this program HUD provides mortgage insurance and FFB provides the funding.

The primary benefit of this program is that it allows VHDA to offer long-term financing at interest rates which are lower than our standard programs currently offer. However, there are programmatic requirements and restrictions with the HUD/FFB product which differ from VHDA's standard programs that must be taken into account when considering this option.

The HUD/FFB Risk Share program has occupancy set-aside restrictions of 20%@50% or 40%@60% as a minimum; thereby making LIHTC developments the most likely candidates for this financing. HUD/FFB does not currently offer a construction loan product. Their sole product is a permanent immediate delivery.

The only eligible transaction type currently available under this Expanded Pilot Program is a payoff and refinance of an existing VHDA loan. Furthermore:

- Such refinances can include reasonable transaction costs.
- Applicable VHDA fees may be incorporated into the new loan amount.
- Prefunding replacement reserve account for future capital needs, as determined by VHDA.
- Modest equity take-out subject to VHDA approval.

To see an Expanded Pilot Program Term Sheet which more fully describes this program, [click here](#).

If you have any VHDA financed developments which you think may be a good fit for this program that you would like us to consider, please contact one of the following associates:

Brad Beaman
Senior Development Officer
brad.beaman@vhda.com
(804)343-5525

Alex Arruda
Associate Development Officer
alex.arruda@vhda.com
(804) 343-5848

It should be noted that this program was not enacted through legislation, but by Executive Order of the previous administration. Uncertainty remains about the long term availability of the program under the new administration, so we are cautious about the type of transactions that are appropriate for this program at this time.

STAY CONNECTED:



The information contained herein (including but not limited to any description of VHDA and its lending programs and products, eligibility criteria, interest rates, fees and all other loan terms) is subject to change without notice.

