# COMMUNITY LENDERS

Community Development Corporation

### Application

## LOAN PROGRAMS

Community Investment

Mixed Use Development

Residential Housing



#### COMMUNITY LENDERS Community Development Corporation

##### Introduction

History

CLCDC was formed in 1999 as a non-profit 501(c)(3) multi-bank community development corporation.

Vision

To help build communities.

Mission

The mission of CLCDC is to promote and facilitate community revitalization through the financing of, and investment in, housing and community development activities, which address the needs of low and moderate income persons and areas throughout Berks, Bucks, Chester, Delaware, Montgomery and Philadelphia Counties, with specific emphasis on those communities where member banks are located.

###### Goals

In undertaking this mission, CLCDC funds will be guided by the following goals and objectives when reviewing loan applicants:

* To originate and service loans, which will provide housing for low and moderate income persons;
* To provide financing for facilities, which offer clear public benefits that will primarily accrue to the residents of the area, and which contribute to

the redevelopment and economic well-being of that area;

* To work with the public and private sectors in the financing of housing and commercial development, which will benefit low and moderate income persons and areas;
* On an ongoing basis, to develop new programs, which will respond to identified credit needs of the communities;
* To develop and implement procedures and systems that will enable CLCDC to meet its objectives in an efficient manner thereby attracting private capital on a continuing basis.

Strategy

CLCDC has implemented programs and procedures, which promote the successful ability to attract and retain financial resources and to put these resources to effective use.

CLCDC members invest in a pool of funds, which provide financing for residential projects, mixed use development projects and community redevelopment and revitalization projects.

Questions

If you have any questions about this application, you may contact Audrey McMichael, Executive Director of CLCDC by telephone at (215) 799-1340, by email at [AMcMichael@CommunityLendersPA.org](mailto:AMcMichael@CommunityLendersPA.org)

#### COMMUNITY LENDERS Community Development Corporation

##### Introduction Continued

Application Process

Organizations may apply for CLCDC funds by submitting this application. CLCDC will work with applicants regarding issues of eligibility and appropriateness of the application.

Upon receipt of a completed application, with all the appropriate documentation, CLCDC will conduct a review and analysis and submit the package to the Loan Committee for consideration.

The Committee may approve or decline the application, make changes to the terms and conditions, or request further information. Any exception to loan policy must be clearly justified. Loan Committee then makes their recommendation to the Board of Directors. Final approval will be in the form of a Commitment Letter, which will be mailed to the applicant. Acceptance of the loan is indicated by returning the signed commitment together with the payment of the commitment fee.

Selection Criteria

The applicant must clearly define the project objectives and provide sufficient documentation to demonstrate:

* Market feasibility;
* Financial feasibility;
* Participation of other investors and financing resources, if applicable;
* Track record and capacity of development and management teams;
* Conformance to all applicable environmental, zoning and building regulations.

Focus

In addition, projects must provide for at least *one* of the listed activities:

1. Affordable Housing (including multifamily rental housing) for low or moderate income individuals;
2. Community services targeted to low or moderate income individuals;
3. Activities that revitalize or stabilize low or moderate income geographies.

Member Banks

Ambler Savings Bank

American Bank

BB&T

Bryn Mawr Trust

Covenant Bank

Customers Bank

Embassy Bank

First National B & T Co. of Newtown

First Priority Bank

Fulton Bank

Harleysville Bank

KeyBank

M & T Bank

Malvern Federal Savings Bank

Meridian Bank

Penn Community Bank

Phoenixville Federal Bank & Trust

Prudential Savings Bank

QNB Bank

Republic Bank

Royal Bank America

The Bancorp Bank

The Provident Bank

Tompkins VIST Bank

Univest Bank and Trust Co.

William Penn Bank

WSFS Bank

COMMUNITY LENDERS Community Development Corporation

Loan Programs

Community Investment

**Eligible Borrowers:** Non-profit organizations, for-profit housing developers, partnerships, local government agencies and individuals.

**Eligible Projects:** Community redevelopment and revitalization projects, which offer a clear public benefit.

**Eligible Transactions:** Permanent loans for acquisition, preservation, post-construction, and/or post-rehabilitation.

**Security:** First mortgage against land and improvements. Assignment of leases, rents and other appropriate collateral required. Other recorded agreements or restrictions must be subordinated.

**Low-Income Affordability:** N/A

**Low-Income Units:** N/A

**Loan Limits:** No minimum or maximum loan amounts.

**LTV Ratio:** Not to exceed 75% of the lower of the appraised value or cost of property; that includes documented acquisition and construction/rehabilitation costs.

**Debt Service Coverage:** The minimum debt service coverage ratio is:

1.10:1 – LTV ratio of 60% or less

1.15:1 – LTV ratio of 61% to 70%

1.20:1 – LTV ratio of 71% to 75%

**Loan Term:** Loans will have a maximum term and amortization of up to 25 years.

**Interest Rate:** Fixed rate based on current economic conditions as determined by the Board of Directors. The rate will be set at the regular Board meeting. A margin may be added to individual loans based upon the structure and risk of the project, as determined by the Loan Committee. CLCDC will retain 25 basis points for servicing the loan.

**Forward Commitments:** The rate is fixed at the prevailing rate on the date the loan is approved by the Board. Should the loan not be closed on or before the commitment expiration date, the application must be updated and may be subject to an interest rate change to the rate in effect at the time of re-commitment. An extension fee may be required.

**Prepayment Penalty:** None.

**Application Fee:** $500 non-refundable; due upon submission of application.

**Commitment Fee:** 1% of loan amount due upon acceptance of commitment.

**Loan Fees:** Non-profit – 1% of loan amount due at closing. For-profit – 1.5% of loan amount due at closing. (Partnerships with non-profits and for-profit developers are encouraged by offering the lower fee to those forming such partnerships.)

**Legal Fees:** Legal fees to be paid by applicant.

**Other Fees:** Appraisal and all other out-of-pocket fees to be paid by applicant.

**Appraisal:** An appraisal commissioned by the CLCDC is a prerequisite for commitment. CLCDC pays the appraiser with funds advanced by the applicant. The appraiser must meet current appraisal guidelines as provided by Title XI of FIRREA and the USPAP.

**Environmental:** Loans up to $500,000 require a review of the real estate appraisal to look for items of special mention by the appraiser; the completion of an ASTM environmental site assessment questionnaire; and an environmental database search. Loans of $500,001 and over require a Phase I Environmental Audit performed by a CLCDC approved inspector at the expense of the applicant. Any adverse conditions cited in the conclusion must be resolved in a manner acceptable to CLCDC.

**Guarantees:** All loan advances will require guarantees and recourse as appropriate.

COMMUNITY LENDERS Community Development Corporation

Loan Programs, continued

Mixed Use

**Eligible Borrowers:** Non-profit organizations, for-profit housing developers, partnerships, local government agencies and individuals.

**Eligible Projects:** Community redevelopment and revitalization projects, which offer a clear public benefit containing both housing and commercial space.

**Eligible Transactions:** Permanent loans for acquisition, preservation, post-construction, and/or post-rehabilitation.

**Security:** First mortgage against land and improvements. Assignment of leases, rents and other appropriate collateral required. Other recorded agreements or restrictions must be subordinated.

**Low-Income Affordability:** See terms for Residential Housing Program.

**Low-Income Units:** See terms for Residential Housing Program.

**Loan Limits:** No minimum or maximum loan amounts.

**LTV Ratio:** Not to exceed 75% of the lower of the appraised value or cost of property; that includes documented acquisition and construction/ rehabilitation costs.

**Debt Service Coverage:** The minimum debt service coverage ratio is:

1.10:1 – LTV ratio of 60% or less

1.15:1 – LTV ratio of 61% to 70%

1.20:1 – LTV ratio of 71% to 75%

**Loan Term:** See terms for Residential Housing Program or Community Investment Program.

**Interest Rate:** Fixed rate based on current economic conditions as determined by the Board of Directors. The rate will be set at the regular Board meeting. A margin may be added to individual loans based upon the structure and risk of the project, as determined by the Loan

Committee. CLCDC will retain 25 basis points for servicing the loan.

**Forward Commitments:** The rate is fixed at the prevailing rate on the date the loan is approved by the Board. Should the loan not be closed on or before the commitment expiration date, the application must be updated and may be subject to an interest rate change to the rate in effect at the time of re-commitment. An extension fee may be required.

**Prepayment Penalty:** None.

**Application Fee:** $500 non-refundable; due upon submission of application.

**Commitment Fee:** 1% of loan amount due upon acceptance of commitment.

**Loan Fees:** Non-profit – 1% of loan amount due at closing. For-profit – 1.5% of loan amount due at closing.

**Legal Fees:** Legal fees to be paid by applicant.

**Other Fees:** Appraisal and all other out-of-pocket fees to be paid by applicant.

**Appraisal:** An appraisal commissioned by the CLCDC is a prerequisite for commitment. CLCDC pays the appraiser with funds advanced by the applicant. The appraiser must meet current appraisal guidelines as provided by Title XI of FIRREA and the USPAP.

**Environmental:** Loans up to $500,000 require a review of the real estate appraisal to look for items of special mention by the appraiser; the completion of an ASTM environmental site assessment questionnaire; and an environmental database search. Loans of $500,001 and over require a Phase I Environmental Audit performed by a CLCDC approved inspector at the expense of the applicant. Any adverse conditions cited in the conclusion must be resolved in a manner acceptable to CLCDC.

**Guarantees:** All loan advances will require guarantees and recourse as appropriate.

#### COMMUNITY LENDERS Community Development Corporation

Loan Programs, continued

# Residential Housing

**Eligible Borrowers:** Non-profit organizations, for-profit housing developers, partnerships, local government agencies and individuals.

**Eligible Projects:** Community redevelopment and revitalization projects for affordable housing of one or more units.

**Eligible Transactions:** Permanent loans for acquisition, preservation, post-construction, and/or post-rehabilitation.

**Security:** First mortgage against land and improvements. Assignment of leases, rents and other appropriate collateral required. Other recorded agreements or restrictions must be subordinated.

**Low-Income Affordability:** Projects must be affordable for life of the loan.

**Low-Income Units:** Project rent structure must include sufficient low-income units to minimally satisfy one of three requirements:

% Affordable % of AMI

51% or more 80% or less

40% or more 60% or less

20% or more 50% or less

**Loan Limits:** No minimum or maximum loan amounts.

**LTV Ratio:** Not to exceed 75% of the lower of the appraised value or cost of property; that includes documented acquisition and construction/ rehabilitation costs.

**Debt Service Coverage:** The minimum debt service coverage ratio is:

1.10:1 – LTV ratio of 50% or less

1.15:1 – LTV ratio of 51% to 60%

1.20:1 – LTV ratio of 61% to 70%

1.25:1 – LTV ratio of 71% to 75%

**Loan Term:** Loans will have a maximum term and amortization of up to 30 years.

**Interest Rate:** Fixed rate based on current economic conditions as determined by the Board of Directors. The rate will be set at the regular Board meeting. A margin may be added to individual loans based upon the structure and risk of the project, as determined by the Loan Committee. CLCDC will retain 25 basis points for servicing the loan.

**Forward Commitments:** The rate is fixed at the prevailing rate on the date the loan is approved by the Board. Should the loan not be closed on or before the commitment expiration date, the application must be updated and may be subject to an interest rate change to the rate in effect at the time of re-commitment. An extension fee may be required.

**Prepayment Penalty:** None.

**Application Fee:** $500 non-refundable; due upon submission of application.

**Commitment Fee:** 1% of loan amount due upon acceptance of commitment.

**Loan Fees:** Non-profit – 1% of loan amount due at closing. For-profit – 1.5% of loan amount due at closing.

**Legal Fees:** Legal fees to be paid by applicant.

**Other Fees:** Appraisal and all other out-of-pocket fees to be paid by applicant.

**Appraisal:** An appraisal commissioned by the CLCDC is a prerequisite for commitment. CLCDC pays the appraiser with funds advanced by the applicant. The appraiser must meet current appraisal guidelines as provided by Title XI of FIRREA and the USPAP.

**Environmental:** Most 1-4 residential properties will not need an environmental assessment unless a higher than normal environmental risk is suspected through review of the appraisal report, property reports, or other information known about the property. Loans up to $500,000 require a review of the real estate appraisal to look for items of special mention by the appraiser; the completion of an ASTM environmental site assessment questionnaire; and an environmental database search. Loans of $500,001 and over require a Phase I Environmental Audit performed by a CLCDC approved inspector at the expense of the applicant. Any adverse conditions cited in the conclusion must be resolved in a manner acceptable to CLCDC.

**Guarantees:** According to IRS regulations, loan made to Limited Partnerships under the FLIHTC program must be non-recourse to the partnership. All other loans will require guarantees and recourse as appropriate.

COMMUNITY LENDERS Community Development Corporation

Application Checklist

**PLEASE ATTACH THE FOLLOWING APPLICABLE DOCUMENTS TO THIS APPLICATION:**

Applicant Information:

🞎 Certification on Non-Profit

🞎 Articles of Incorporation (or similar organizing documents) and current Bylaws

🞎 Official document(s) referencing mission statement OR specified narrative information

🞎 Year-end financial statement(s) – most recent three (3) years (*Non-Profits and For-Profits*)

🞎 Net Worth Statement and Employer Information (*Individuals*)

🞎 Organization’s marketing materials

🞎 Management (Experience and History)

🞎 Partnership Agreement

Property Information:

🞎 Deed if Refinance

🞎 Agreement of Sale if Purchase

🞎 Current Lease(s)

🞎 Inspection(s)

🞎 Property Description

🞎 Environmental Information

Project Information:

🞎 Development Costs

🞎 Marketing Plan

🞎 Operating Budget

🞎 Rental Income Projections

🞎 Zoning Documents

🞎 Site Plan; Floor Plan, etc.

🞎 Structure of Ownership of Property

🞎 Management Agent

COMMUNITY LENDERS Community Development Corporation

Applicant Information

|  |  |
| --- | --- |
| **Applicant Contact Information** | |
| Applicant Organization Name: | |
| Mailing Address: | |
| *Authorized Representative* Name and Title: | Telephone number:  Email address: |
| Contact Person Name and Title, and address if different from applicant: | Telephone number:  Email address: |
| Tax Identification Number: | Website address (if applicable): |
| To the best of my knowledge and belief, all information in this application is true and correct. The application has been duly authorized by the governing body of the applicant.  Furthermore, if this application is approved and loan funded, applicant agrees to permit CLCDC to publicize the loan and subsequent project and credit its involvement therewith; and to include reasonable reference to CLCDC and its role in funding the loan and/or subsequent project in any press releases, publications, newsletters or other materials regarding describing the loan and/or subsequent project. | |
| *Authorized Representative* Signature: | Date: |

|  |  |
| --- | --- |
| **Applicant Organizational Characteristics** | |
| Type of Entity (check one):  🞎 For-profit  🞎 Non-profit  🞎 Joint Venture  🞎 Partnership  🞎 Individual | Non Profit Tax Exempt Status (if applicable):  🞎 501 (c )(3)  🞎 Other (specify): |

COMMUNITY LENDERS Community Development Corporation

Loan Information

|  |  |
| --- | --- |
| **Application Type** (check one) | |
| Community Investment |  |
| Mixed Use |  |
| Residential Housing |  |
| Single Family |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Requested Terms** | | | |
| Loan Amount: | $ | Term: | Yrs. |
| Rate: | % | Loan to Value Ratio: | % |
| Project Debt Service Coverage Ratio: | X | Global Debt Service Coverage Ratio: | X |

|  |  |  |  |
| --- | --- | --- | --- |
| **Check All That Apply** | | | |
| Acquisition |  | Low/Mod General |  |
| New Construction |  | Elderly |  |
| Rehabilitation |  | Physically Disabled |  |
| Office Space |  | Mentally Disabled |  |
| Single Family Attached |  | Homeless |  |
| Single Family Detached |  | Domestic Violence |  |
| Multi-Unit |  | Counseling |  |
| Rental |  | Thrift Store |  |
| Single Room Occupancy |  | Food Pantry |  |
| Group Home |  | Teaching |  |
| Other: |  | Other: |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Project Site Location** | | | |
| Site Address: |  | | |
| City: |  | County: |  |
| Zip: |  | Census Tract #: |  |
| Site Address: |  | | |
| City: |  | County: |  |
| Zip: |  | Census Tract #: |  |
| Site Address: |  | | |
| City: |  | County: |  |
| Zip: |  | Census Tract#: |  |
| Site Address: |  | | |
| City: |  | County: |  |
| Zip: |  | Census Tract#: |  |

COMMUNITY LENDERS Community Development Corporation

Loan Information, Continued

|  |  |
| --- | --- |
| **Funding Sources** | |
| First Mortgage (CLCDC): | $ |
| Second Mortgage: | $ |
| Third Mortgage: | $ |
| Other: | $ |
|  | $ |
|  | $ |
|  | $ |
|  | $ |
| Equity: | $ |
|  | $ |
| TOTAL | $ |

|  |  |
| --- | --- |
| **New Construction** | |
| Construction Loan Commitment: | Yes/No |
| Construction Lender: | |
| Contact Name: | Phone Number: |

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| --- |
| **Briefly describe in narrative form the purpose and use of loan funds.** |
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Community Lenders CDC

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