LEVITICUS FUND
Faith Capital For Building Communities

Project Start Fund

Updated March 26, 2019

Leviticus 25:23 Alternative Fund, Inc. ("Leviticus Fund") is pleased to announce a new, $12 million lending pool called the Project Start Fund (PSF). The PSF will be a new source of early, flexible, low-cost loan capital to nonprofits building, renovating or preserving rental projects in New York State that will have units housing individuals and families having low-income ("LI," equaling rents set at 80% of AMI), very low-income ("VLI," equaling rents set at 50% of AMI), and/or extremely low-income ("ELI," equaling rents set at 30% of AMI). PSF will prioritize developments that are targeted to house higher percentages of VLI and ELI individuals and families. The PSF will initially originate loans over a four year period.

PSF Loans

Loan Type	Acquisition	Rehab	Predevelopment	Bridge
Loan Size Maximum	$3.5 million*	$2.5 million	$2 million	$1.5 million
Maturity	3 years	2 years	3 years	2 years

*Acquisition loans up to $7 million are available at a rate between 5.25% and 5.9%.

PSF Basic Loan Terms

Interest Rate	5.25%* (this rate applies to the portion of the loan used to finance eligible project costs)
Amortization	Loans will be non-amortizing, with interest payable monthly during the loan term
Collateral	First priority mortgage lien on project property strongly preferred, though off-site collateral will be considered
Loan-to-Value Target	150%**
Guaranty	Full payment guaranty required by nonprofit sponsor if it is not the borrower
Underwriting	All standard Leviticus underwriting policies will apply
Closing and Documentation	All standard loan documents, and third party-generated documents required by Leviticus, will apply
Commitment Fee	1% of loan amount
Closing Fee	None
Prepayment Fee	None
Lender Legal Fees	None

*For all loans committed on or before **June 1, 2019**. The applicable PSF rate will be re-examined on June 1, 2019, and may be adjusted.

**Actual loan-to-value requirement will be set during underwriting based on full constellation of lending risks, and could be lower or higher than the 150% target.

PSF Eligible Projects

Eligible Geographies	All counties in New York State
Eligible Projects	Acquisition, development, renovation and/or preservation of affordable rental housing, subject to "PSF Requirements" set forth below
Eligible Buildings	Multi-dwelling and one-to-four family buildings; mixed-income and mixed-use projects are eligible, subject to "PSF Requirements" set forth below

PSF Requirements

The Leviticus Fund is using a federal grant as seed capital for the PSF capital pool. In order to extend the favorable loan terms noted above, Leviticus must abide by the applicable rules of this funding source. We want to ensure our borrowers are aware of and understand these rules up front, at the loan commitment stage. These requirements are summarized as follows:

Minimum Project Affordable Unit Criteria	At least 20% of units in the Project must be leased by LI households (VLI and ELI households count toward this goal)
Minimum Loan Proceeds Affordability Use	100% of expenses paid with Loan proceeds need to be "attributable to" units leased by Eligible Income ("EI," equaling rents set at 120% of AMI) households (<u>note</u>: if all the units in the Project serve families earning at or less than 120% AMI, this requirement is automatically met).
Minimum LI Unit Percentage	At least 51% of the Loan proceeds spent must be "attributable to" units leased by LI households (VLI and ELI households count toward this goal)
Affordability Period	Housing units must meet the affordability requirements for at least ten (10) years, beginning after project completion and at initial occupancy.
Establishing and Maintaining Affordability	The affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. The requirements need to be imposed by (i) deed restrictions, (ii) covenants running with the land, OR (iii) other recordable mechanisms, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure (<u>note</u>: there are different pathways that can be taken to establish enforcement of the affordability requirements).
Annual Income Examination	A tenant's income will be determined annually, and annual income will include income from all household members. This determination can be carried out by the project property manager, and provided to Lender by Borrower or the LIHTC investor or syndicator.
Designation and Tracking of Affordable Units	Upon project completion, the Borrower must designate the number of affordable housing units attributable to the eligible project costs of the Project, as well as the income restrictions for these units, as well as report its compliance with the affordability requirements stated above for the duration of ten (10) years. This reporting will help Lender ensure that the rental affordability requirements outlined above are met.
Duration of Household Income Tracking	The Borrower will track this number of units within the Project for the duration of ten (10) years (<u>note</u>: this requirement should mirror the ongoing monitoring that a sponsor and low-income housing tax credit (LIHTC) investor will already be required to carry out under existing LIHTC reporting requirements (if the Project is utilizing the LIHTC program), or as mandated by a state or local public funding source funding the Project).
Reporting that Affordability Mechanism is in Place	The necessary deed restrictions, covenants running with the land, or other recordable mechanisms, as applicable, will be filed, and Borrower will report in the first annual report submitted to Lender for the Project (after it is placed into service) that the mechanism has been put in place to impose the affordability requirements for the property until the end of the ten (10) year reporting period, regardless of any change in property ownership or other restrictions or conditions.
Adherence to Applicable Monthly Allowances	The housing will adhere to the applicable Participating Jurisdiction's (PJ) maximum monthly allowances for utilities and services (excluding telephone). If the PJ's allowances have not been determined or are otherwise unavailable, the Borrower will rely upon the utility and services allowances established by the applicable city, county or state public housing authority.