

# Pass-Through Revenue Bond (Conduit)

## Program Factsheet

<p><b>Program Summary</b></p>	<p>The Conduit Program provides additional flexibility by using tax-exempt bond financing (through an allocation of the State's private activity volume cap). Experienced affordable housing development teams maximize control by selecting the financing team and negotiate financing terms. The Conduit process assumes the tax-exempt bond allocation request is coupled with a request for 4% Low Income Housing Tax Credits (LIHTC) and possibly other OHCS funding sources. Bond allocation requests that do not include LIHTC requests will be evaluated on a case-by-case basis. The Program offers a single-point of contact (the OHCS Production Analyst) for the development team. Also, a single application with supplemental forms is used to access all available OHCS funds. Department staff will work in partnership with the selected lender(s) and equity investor(s) to concurrently underwrite the bond allocation, coordinate the varying underwriting criteria, and synchronize all funding sources to receive full commitment well in advance of the bond sale.</p>
<p><b>Eligibility Requirements</b></p>	<ul style="list-style-type: none"> <li>• Eligible applicants include for profit, non-profit and governmental entities.</li> <li>• The proposed project must meet the tax-exempt bond (Section 142(d)) affordability requirement for a minimum of 15 years or as long as the bonds are outstanding (whichever is longer).</li> <li>• The development team must have adequate financial strength and credit-worthiness to support the application.</li> <li>• The team must demonstrate the capacity to develop, own, maintain and manage the project as an affordable bond/4% LIHTC housing project for a minimum of 30 years.</li> </ul>
<p><b>Program Requirements</b></p>	<ul style="list-style-type: none"> <li>• Loan funds are disbursed to an escrow company acceptable to the Department.</li> <li>• Bond Counsel, Trustee, Bond Purchaser and others must be acceptable to the Department.</li> <li>• Applicants select a complete development team (lender, equity investor, bond purchaser or underwriter, property management, general contractor, architect, and other professionals) experienced in developing similar affordable housing properties.</li> <li>• The experienced development team must be complete and the lender/investor must issue firm written commitments without substantial conditions at least 10 days prior to the Housing Stability Council meeting for final bond approval.</li> </ul>



	<ul style="list-style-type: none"> <li>The Department relies primarily upon the lender and equity investor's underwriting criteria. Therefore, it is necessary for the lender and equity investor to be prepared to provide their underwriting criteria, analysis and conclusions to Department staff.</li> </ul>
<p><b>Loan Terms and Interest Rate</b></p>	<p>Due to the cost of bond issuance, bond allocation requests less than \$5 million will be approved on a case-by-case basis. There is a maximum bond allocation request of 55 percent of aggregate basis of land and building, and any additional funding needs will be issued as taxable bonds for the conduit financing.</p> <p>The permanent financing term is generally 30 years, but the combined construction and permanent terms may not exceed 45 years.</p> <p>Financing may allow for prepayment, but affordability commitments and compliance monitoring will continue for the affordability period. The interest rate is estimated during bond allocation underwriting and is fixed at the bond sale closing.</p>
<p><b>Loan Charges</b></p>	<p>Applicants pay a \$1,500 application charge at the time they submit the loan request (this is in addition to any LIHTC charges). Bonds will pay a 1.5% issuance charge (with a cap of \$150,000). A draw down of funds can be requested on an exception basis and will incur an additional 0.5% issuance fee.</p> <p>A compliance monitoring charge is due annually for a minimum of 15 years or the term of the bonds (whichever is longer). The annual cost for compliance monitoring reflects actual costs incurred by OHCS. The borrower is responsible for all costs of bond issuance including bond counsel, financial advisor(s) and other legal counsel. Contact a Production Analyst for a complete list of bond issuance and closing costs, or visit the Proforma Excel Spreadsheet on the website for a listing of standard costs developers can expect to incur in normal bond transactions.</p>
<p><b>Fund Availability</b></p>	<p>Conduit bond requests are non-competitive at this time and the application is open year-round. Requests are non-competitive until our volume cap is exhausted.</p>
<p><b>Learn More</b></p>	<p>Visit webpage for full program details at:  <a href="https://www.oregon.gov/ohcs/Pages/multifamily-housing-loan-conduit-program.aspx">https://www.oregon.gov/ohcs/Pages/multifamily-housing-loan-conduit-program.aspx</a></p>
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