

## **Tab 22 Construction Loan and Bridge Loan Financing**

Construction Loan and Bridge Loan interest, fees and expenses must be shown in their respective categories of the Capital Budget and supported by separate letters of intent even if they are from the same Lender. The construction period interest expense of a loan that is repaid by or converted to a permanent loan should be reflected as construction loan interest in the Development Budget. The construction period interest expense of a loan that is repaid by Tax Credit equity should be reflected as bridge loan interest in the Development Budget. Interest for both must be supported by a draw schedule, reflecting Construction Loan Interest and Bridge Loan Interest and submitted in the Appendix of Tab 2.

### **Construction loan:**

Construction loans may be permitted to be secured by the property with a lien position provided the construction loan is reviewed and approved during the Agency underwriting process subject to the following requirements:

- Construction mortgage lien position shall be subordinate to PHFA mortgage lien(s).
- Term of the construction loan shall not be greater than 24 months.
- Terms and conditions of the construction loan shall be satisfactory to the Agency.
- Construction loan documents shall be satisfactory to the Agency.
- All financing fees must be outlined in the letter. (financing fees will not be recognized in total project cost at application if not stipulated and itemized in the letter of intent)

### **Bridge Loan:**

Currently the Agency is not offering Equity Bridge Loan Program for the current Application Funding round. Please check our website for updates.

Developments requiring a bridge loan due to the syndication of the Tax Credits must provide a letter of intent from the financial institution or entity providing the bridge loan. The letter must state the amount, rate and term of the financing, and include all financing fees (financing fees will not be recognized in total project cost at application if not stipulated and itemized in the letter of intent).