




Experience & Integrity

NH&RA 2016 Spring Developers Forum – Marina Del Ray
Dan Duda | May, 2016

About Churchill Stateside Group

Churchill Stateside Group, LLC (CSG) is a private financial services company delivering debt and equity finance and investment solutions for owners and developers of affordable housing and renewable energy installations that utilize the appropriate tax credit of the Internal Revenue Service. CSG is a leading provider of Low Income Housing Tax Credit (LIHTC) equity in the state of Georgia. CSG is also involved in the acquisition of State Low-Income Housing Credits, Historic Energy Credits, and Entertainment Credits.



The Right Partner *for all of your*  **Real Estate Debt & Equity Capital Needs**

The cornerstones of our business are to provide our clients with excellent Expertise, Service, Value and Flexibility.

Product Lines

USDA Rural Development 538 Guaranteed Loan Program

Construction and permanent financing for small, rural multifamily developments.

FHA-HUD Multifamily Approved Lender

Construction and permanent financing for all types of multifamily housing, including healthcare.

Mortgage Broker Originations

A Q10 Capital LLC Partner. CSG has access to corporation Life Insurance companies.

Construction Financing and Servicing

For multifamily affordable housing, historical and renewable energy installations.

Tax Credit Equity Syndication

Federal and State Low Income Housing Tax Credits, Energy Credits and Entertainment & Film Production Credits.

The background of the slide is a composite image. The top half features a blue-tinted image of a hand holding a pen, writing on a document. The bottom half shows a close-up of a document with a large key graphic and some text. The overall theme is financial and administrative.

USDA RD 538 Loan Program

Tax Credit Syndication, Commercial Lending & Renewable Energy
Finance

Program at a Glance | USDA

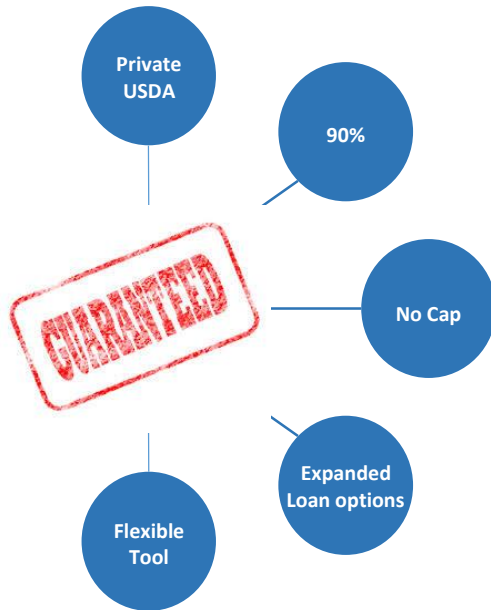
RD 538

- ✓ To encourage economic development in rural areas.
- ✓ To increase and preserve the supply of affordable multifamily housing in rural areas.
- ✓ To ensure the availability of housing for rural residents whose incomes are 115% of area median income or less.
- ✓ Foster risk-sharing partnerships with public and private lenders



Program at a Glance | **USDA RD 538**

continued...



- USDA guarantees loans made by private, USDA approved lenders.
- 90% of the loan is guaranteed.
- No loan size restriction or cap.
- Program allows for permanent only loans, construction/perm loans, and rehab/perm loans (\$6,500/unit minimum rehab).
- Flexible tool that works well with 9% and 4% tax credits, as well as other sources of financing.
- Website to check eligibility:

<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

Reason for Developers to Use | **USDA RD 538**

- Some states have a rural set aside or give points on the tax credit application for 538s.
- Interest rate is locked at closing of loan or can be locked up to two years in advance (option 1 – perm loan).
- Very low interest rates.

	DSCR	LTV	Term	Amortization
Maximize Loan Dollars	1.15 (min)	90% (97% for non-profits)	40	40

Loan Process Overview | **USDA RD 538**

Response to NOSA through Lender to USDA

- Typically one day of lender time once all information received from Borrower.

Letter of Invitation from USDA

- Usually received in 30 days, in some instances received in one week or less.

Formal Application to USDA

- 90 days from receipt of invitation to submit formal application, extensions are typically granted as needed.
- Typically completed in about 60 days, heavily dependent on borrower's time table.

USDA Letter of Conditions Issued

- Typically within 30 days of submitting application.
- Conditional Commitment is good for 2 years.

Product Offering | **USDA RD 538**

538 Perm Only (Option 1) Standard Rate Lock


This is the standard USDA perm only execution where the borrower gets a conventional construction loan. This has the lowest rate, but it floats until we convert to perm at stabilization.

538 Perm Only (Option 1) Forward Rate Lock

This option allows the borrower to forward rate lock as soon as the conditional commitment is issued from RD. Up to 24 months in advance of permanent conversion.

538 Construction/Permanent (Option 3)

This is the continuous guaranty. Rate is locked for construction and perm loan with the conditional commitment from RD at closing.



4% Tax Exempt Bond Portfolio USDA RD 538 Option 3 Continuous Guarantee

Tax Credit Syndication, Commercial Lending & Renewable Energy
Finance

RD Rehab Portfolio Case Study | Overview



- **Central Washington**
- **4 Properties**
 - 2 Elderly
 - 2 Family
- **146 Units (123 Rental Assistance)**
- **Average to Good condition**
 - **Need of Modernization**
- **In need of modernization**
- **Rehab period anticipated to take 6-8 months**
- **Minimal Tenant Displacement**
 - **No Lease Up Risk**

RD Rehab Portfolio Case Study | **FINANCING**

USDA-RD 538

Option 3 Construction/Permanent Loan

- Xx% Interest Only period during the rehab period. *Fixed for term of loan*
- 40 year term / 40 year amortization
- Non Recourse

USDA-RD 515

Assumption of existing
USDA-RD 515 Loans

- Restructured
- 30 year term / 50 year amortization
- 1% interest rate

Housing Trust Fund Loan

4% Federal Low Income Housing
Tax Credit Equity

Borrower Equity

Short Term Tax Exempt Bonds needed to qualify
for 4% LIHTC

- 50% test.

RD Rehab Portfolio Case Study | **Source and Use**

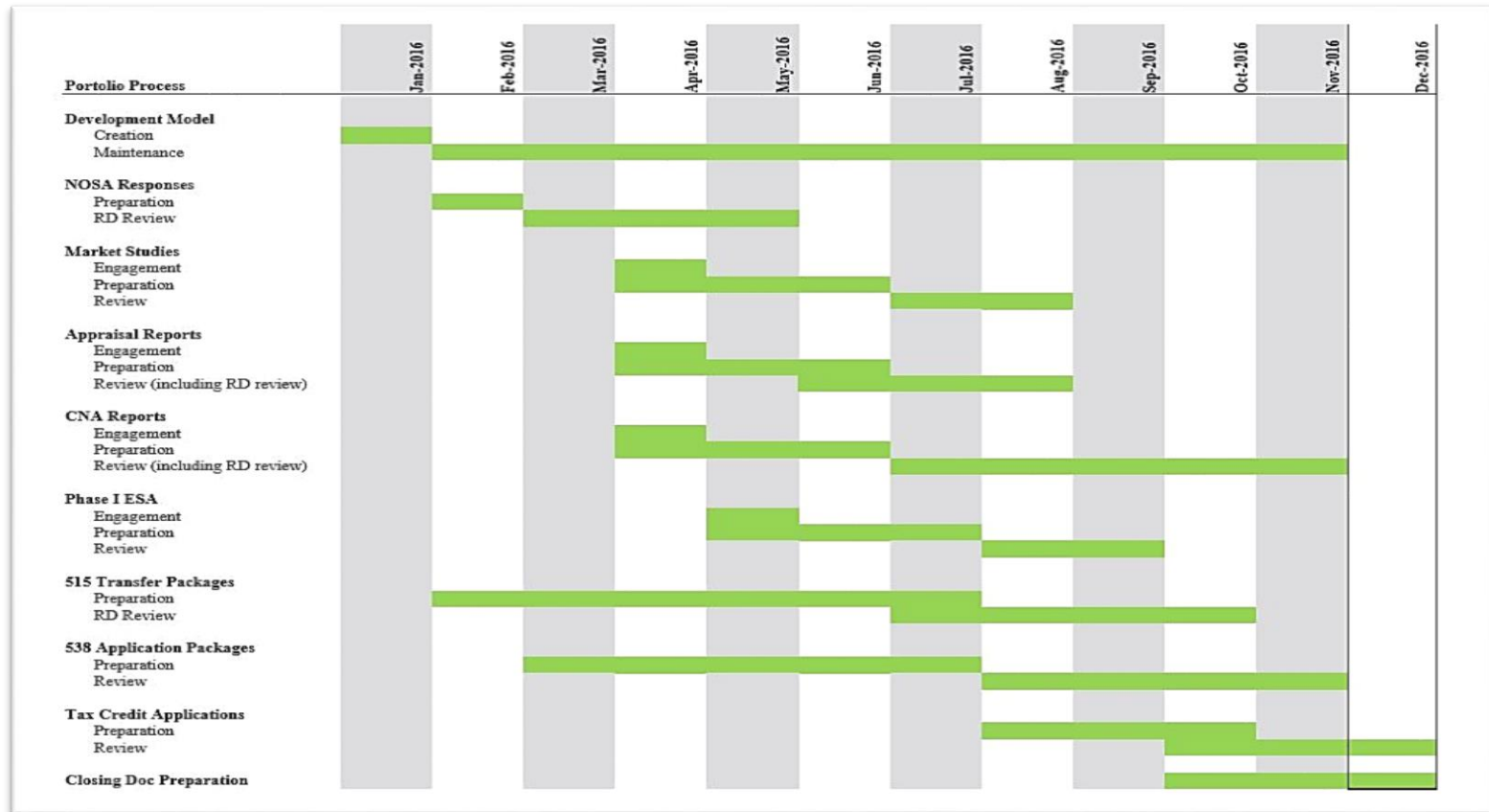
USES (\$15,322,234)

Acquisition Costs	\$6,253,501
Hard Costs & Contingency	\$4,310,318
Financing Costs	\$647,191
Soft Costs	\$1,142,915
Reserves & Interest	\$1,081,241
Developer Fee	\$1,887,068

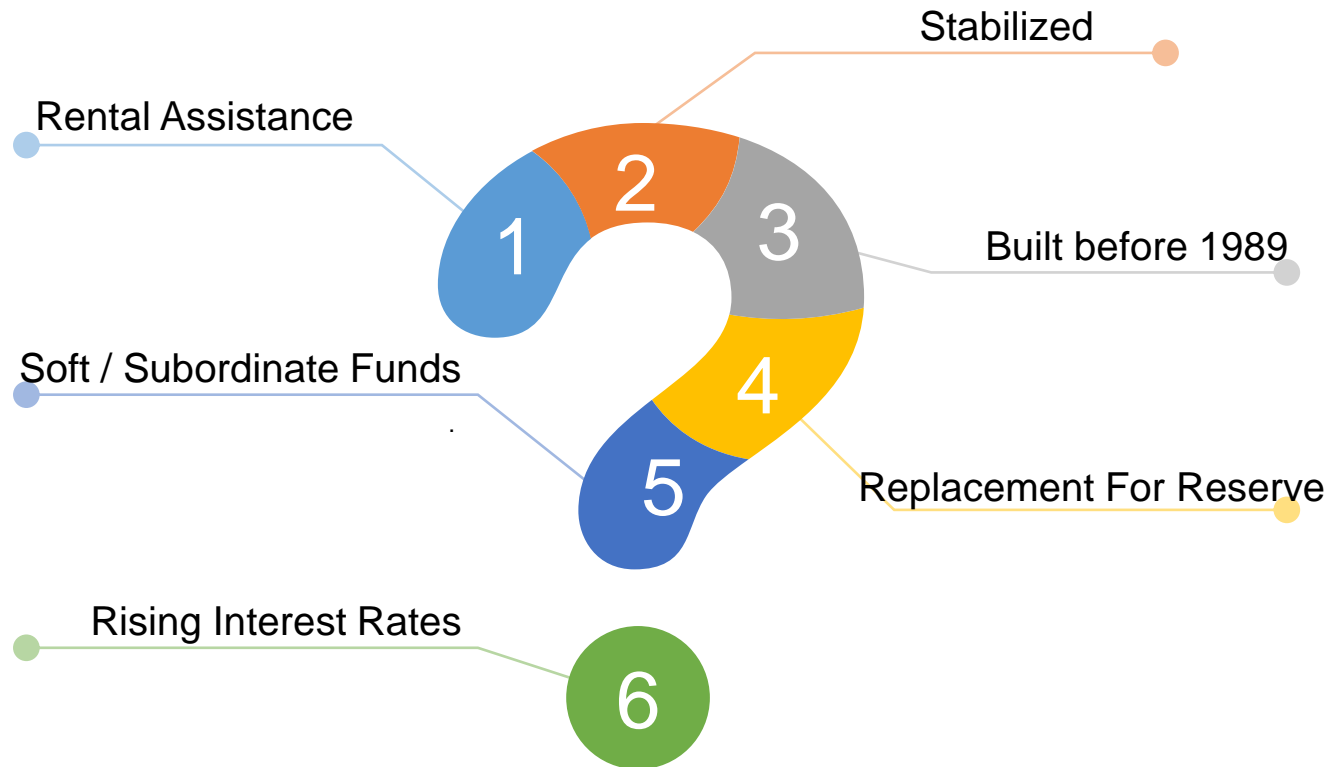
SOURCES (\$15,322,234)

USDA-RD 538 Debt	\$4,630,571
USDA-RD 515 Debt	\$4,315,886
Washington State Housing Trust Fund	\$1,318,511
Federal Tax Credit Equity	\$3,573,543
GP Capital Contribution	\$270,000
Deferred Developer Fee	\$1,213,723

RD Rehab Portfolio Case Study | **Process**



RD Rehab Portfolio Case Study | **Key Notes**





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