San Gabriel Valley Regional Housing Trust

SGVRHT

Revolving Loan Fund

Guidelines

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Board of Directors 2023

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Introduction and Background

Background

The San Gabriel Valley Regional Housing Trust ("SGVRHT") is a joint powers authority formed in February 2020 for the purposes of funding and financing the planning and construction of affordable housing serving extremely low, very low-, and low-income households and homeless housing (e.g., emergency shelters, permanent supportive housing, and transitional housing) in the San Gabriel Valley. Any city in the San Gabriel Valley can join the SGVRHT. At this time, there are 20 full member jurisdictions and four Affiliate Member jurisdictions.

The SGVRHT is governed by a Board of Directors made up of elected officials from seven cities that are members of the SGVRHT and two members that are housing or homeless experts ("Board of Directors"). The Board of Directors is responsible for overseeing the activities of the SGVRHT and administering the SGVRHT's funds. The SGVRHT's operations are managed by its Executive Director and the Housing Trust Administrator ("Administrator").

The SGVRHT receives public and private financing and funds to support affordable housing and homeless housing projects in the San Gabriel Valley ("SGVRHT Fund"). The SGVRHT allocated an initial $8 million in State funds to create the Revolving Loan Fund ("RLF"). Additional funds may be added to the RLF as grants are received and loan repayments are made.

Program Purpose

In June 2022, the SGVRHT established the RLF to provide financial assistance to preserve and increase affordable housing opportunities. The RLF is primarily designed to fill funding gaps and to provide predevelopment loans (i.e., early stage loans that make it easier for affordable housing developers to overcome initial hurdles while they determine the details of a project and secure permanent financing). More specifically, loan funds can be used for land acquisition, predevelopment expenses, construction loans, bridge loans, acquisition and rehabilitation expenses, and mini permanent loans. Loans provided by the RLF will typically be structured as short-term, below market loans to be repaid from construction or permanent financing. Once repaid, the loans and their accrued interest will revolve back into the RLF.

About the Guidelines

The purpose of the Revolving Loan Fund Guidelines ("Guidelines") is to inform potential Applicants of how to apply for funding and describe the criteria and process the SGVRHT will use to evaluate applications for funding and to provide transparency in the RLF operations. The Guidelines include an overview of threshold criteria, application submittal and review procedures, potential funding priorities, underwriting criteria, and general loan terms and conditions.

Generally, proposed projects must meet five requirements to be considered eligible for funding ("Threshold Criteria"):

1. Applicant qualifications
2. Geographic eligibility
3. Project eligibility
4. Expenditure eligibility
5. Affordability requirements

Applications that meet the Threshold Criteria will be evaluated and awarded funding on a first come, first served basis until current funding is exhausted. However, the Board of Directors reserve the right to prioritize select applications depending on one or multiple of the Program's funding priorities identified in these Guidelines. In following years, the Board of Directors may adopt ranking criteria.

These Guidelines should be interpreted in conjunction with Federal, State, and local statutes and regulations governing use of RLF funds; in the event of a conflict between these Guidelines and such statutes and regulations, the requirements of those statutes and regulations shall prevail.

Threshold Criteria

Applicant Qualifications

Eligible Borrowers include qualified:

- Nonprofit, private developers
- Other nonprofit organizations
- For-profit affordable housing developers
- Public entities
- Social service agencies
- Faith-based and other community groups

RLF loans may be issued for projects sponsored by nonprofits, for-profit affordable housing developers, public agencies, social service agencies, or community groups or to a partnership between two or more of these entities.

Applicants must demonstrate the capacity to develop the proposed project successfully. The SGVRHT shall evaluate capacity based on the Applicant's experience in developing and managing affordable housing or inclusion of development team members with a successful record in developing such housing. In addition, Applicants must demonstrate the financial and legal capacity to undertake the proposed project. Applicants without experience developing affordable housing may be required to partner with experienced affordable housing developer.

Geographic Eligibility

The RLF will only fund projects located within its full member jurisdictions ("Members"). Projects located in "Affiliate Member" or non-member jurisdictions within the San Gabriel Valley can become eligible for funding if the jurisdiction becomes a member during the application review period. As of this time, Full Members include:

- Alhambra
- Arcadia
- Azusa
- Baldwin Park
- Claremont
- Covina
- Diamond Bar
- Duarte
- El Monte
- Glendora
- Irwindale
- La Verne
- Monrovia
- Montebello
- Monterey Park
- Pomona
- San Gabriel
- South El Monte
- South Pasadena
- West Covina

The SGVRHT's intention is to support developments within all Members and throughout the San Gabriel Valley. For the latest list of Members, please contact the Administrator at bsalazar@sgvrht.org.

Project Eligibility

Housing types may include but are not limited to the following:

- New construction of affordable rental housing
- Conversion of non-residential buildings to affordable rental housing
- Acquisition and rehabilitation of existing rental housing that:
  - Introduces affordability to previously market-rate housing through the use of executed legal contracts, deed restrictions, Covenants, certifications, or other legally binding means
  - Extends expiring affordability restrictions through the aforementioned means
  - Further subsidizes existing affordable housing to serve households with lower income levels (e.g., units that formerly served households with incomes between 50% and 80% of County Area Median Income ("AMI") made to serve households with incomes between 30% and 50% of AMI)
- New construction of ownership housing, including condominiums, for first-time homebuyers
- An affordable housing component of a mixed-use development
- A program to subsidize and restrict accessory dwelling units to income-eligible households[1]
- Single room occupancy ("SRO") developments
- Permanent supportive housing

Housing tenure may be rental or ownership, including cooperative ownership.

Expenditure Eligibility

Generally, the RLF will be used to issue short-term loans that shall be due and payable upon the earlier of conversion to construction/permanent financing or loan maturity after no more than 36 months. Loans may be extended by the Executive Director (or designee) for up to two 6-month extension options or longer if approved by the SGVRHT Board. When necessary in order to meet the requirements for other project funding or to enhance project feasibility, the Board of Directors may approve a different loan term. Requests for exceptions to loan terms must be identified at the time of application. Requests for amendments to terms after an application has been reviewed will be subject to an additional $500 review fee and Board of Directors approval.

RLF loans may be used for the following eligible purposes:

- Site acquisition and preparation

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[1] ADU applications must demonstrate site control, ability to deed restrict units, and a process to identify clients and provide scattered site services.

- Predevelopment expenses, including but not limited to:
    - Carrying charges and financing fees
    - Preliminary title reports
    - Architectural design and engineering/soils work
    - Environmental analysis and reports
    - Legal and financial consultants
    - Planning and permitting fees
    - Appraisal costs
    - Application and consultant fees used to secure additional project funding
    - A developer fee, subject to the limitations of the Developer Fees section of these Guidelines
- Community engagement and outreach
- Short-term construction loans for ownership housing, when RLF loan repayment can be reasonably expected within 3 years, following home sales and issuance of income-restricted homeowner loans

RLF loans will not be made for agency operating expenses, social services, or development reserves.

Affordability Requirements

Eligible rental housing projects—including SRO developments, permanent supportive housing, and homeless facilities—shall be limited to those that serve households with incomes up to 80% of AMI, adjusted for household size. Eligible ownership housing projects shall be limited to those that serve households with incomes up to 80% of AMI, adjusted for household size. Income levels are further defined in Table 1.

Table 1. Housing Affordability Levels

Housing Affordability Levels	
Extremely Low-Income	0–30% of AMI
Very Low-Income	30–50% of AMI
Low-Income	50–80% of AMI

Eligible projects are not required to have all project details determined at the time of application, but Applicants should plan to initiate the development of a site or the redevelopment of a property within 3 years of receiving RLF funding and should plan for the following long-term affordability provisions:

- Rental housing, including SRO developments and permanent supportive housing, shall be income and rent restricted for not less than 55 years.
- Homeless facilities shall have a required minimum term of 5 years.
- Ownership housing shall comply with California Health and Safety Code, Section 50843.5(d)(3).

Application Submittal and Review Procedures

The SGVRHT will accept and approve RLF applications on a rolling basis until funding is exhausted. SGVRHT is seeking additional private and government capital for the RLF and will maintain a pipeline of eligible projects. The Board of Directors may provide timeframes for future rounds of applications, subject to available funding. Applicants are encouraged to visit the SGVRHT's website for the latest information regarding available funds.

Initial Project Review

Applicants should first contact the Administrator to discuss the eligibility of the development for RLF loan funding, the development need, and the current availability of funding by emailing bsalazar@sgvrht.org with the subject line "RLF Initial Application." Following the discussion, Applicants should submit a Preliminary Application form (see Exhibit A, Revolving Loan Fund Preliminary Application), along with a cover letter. The Administrator will review the Preliminary Application and follow up with the Applicant to clarify details, request additional documentation, and provide the full application, if applicable. The Administrator may discuss prospective applications with the Board of Directors for policy guidance and/or to discuss priorities for the use of available funds.

Development Application

Following the Administrator's review of the Preliminary Application, the Applicant should submit a completed full application with supporting documents. Supporting documents include but are not limited to:

- Site/project documents
  - Legal description of the property
  - Project cost estimates
  - Schematic designs, if available
  - Current photographs of the site
  - Preliminary title report, if available
  - Appraisal, if available
  - Contracts
  - Income/expense estimates
  - Budgets
  - Current rent roll for existing tenants of acquisition and rehabilitation projects and estoppel certificates when available
  - Environmental reports, if available
  - Proposed project schedule
  - Marketing/management plan
  - Tenant relocation plan, if applicable
- Organizational documents
  - Project team resumes
  - For nonprofit developers, list of Board of Directors, organizational chart, and 501(c)(3) exemption determination letter from the IRS
  - By-laws, articles of incorporation, and partnership agreements
  - Tax returns
  - Current financial statements

SGVRHT funding requires support from the member city where the project is located. Applicants are encouraged, but not required, to include letters of support from the local jurisdiction, local community groups, or other local stakeholders. If a letter of support from the member city is not included, the Administrator will contact the local jurisdiction to confirm support or identify what milestones are required to achieve the local jurisdiction's support.

Once the Administrator determines that the full application is complete, the Administrator shall review, analyze, and underwrite the application and supporting documents within 60 calendar days and determine whether the application is approvable for commitment, with or without conditions. If the application has deficiencies, the Administrator shall notify the Applicant of how to address them. If the Administrator determines, working with the Loan Committee and at their discretion, that the application is approvable for commitment, the Administrator shall recommend on behalf of the Loan Committee that the Board of Directors issue a commitment letter. The Board of Directors may concur with the Loan Committee's recommendations, deny applications, or approve them with different terms or conditions.

Application Review

In reviewing applications, the Administrator and the Loan Committee shall consider the following factors, including but not limited to:

1. Threshold Criteria
2. Project budgets and financing
3. Site control
4. Development approvals
5. Environmental assessment
6. Sources of repayment
7. Loan collateral
8. Appraisals or indicators of value
9. Letters of support

The SGVRHT recognizes that some of these factors may not be fully known at the time of the application, may consider these factors at their level of certainty, and will coordinate with the Applicant to achieve greater clarification as needed.

For more detailed information regarding evaluation criteria, please refer to the Underwriting Criteria and General Loan Terms and Conditions section of these Guidelines.

Funding Priorities

Applications that meet the Threshold Criteria will be evaluated and awarded funding on a first come, first served basis until current funding is exhausted. However, the Board of Directors and the Executive Director (or designee) reserve the right to prioritize select applications depending on one or multiple of the Program's funding priorities, as identified in Table 2. In future rounds, the Board of Directors may adopt ranking criteria based on these funding priorities, the Underwriting Criteria, or other factors.

Table 2. Funding Priorities

RLF Program Funding Priorities	
Sub-Regional Equity	The SGVRHT intends to support developments within all Member jurisdictions and throughout the San Gabriel Valley. The SGVRHT may consider Members' housing needs, as well as the distribution of past awards, when reviewing proposed projects.
Affordability Levels	The SGVRHT seeks to provide affordable housing to households at all lower income levels (i.e., Extremely low-income, very low-income, and low-income) and may prioritize a project or group of projects that include a balance of units at the lower income levels. To determine an appropriate balance, the SGVRHT may refer to the estimate of lower-income housing need by detailed income level as identified in the Strategic Planning Study (see Table 3) or similar estimates.
Populations Served	The SGVRHT may consider how or whether projects serve the specific needs of the Member jurisdictions in which they are located. This may include an evaluation of the proposed housing type and the populations served (including, but not limited to, people experiencing homelessness, large families, people with disabilities, seniors, veterans, transitional aged youth, and farmworkers).
Cost Effectiveness	The SGVRHT may prioritize projects that are most cost effective or achieve the lowest possible subsidy per unit for SGVRHT resources.
Readiness and Risk	The SGVRHT may prioritize projects that can reasonably close financing and begin construction sooner than other projects. This may be measured by the proposed project schedule, the security/collateral, the Applicant's record, and other relevant factors.
Loan Repayment	The SGVRHT may prioritize projects that realistically propose accelerated loan repayment.

Table 3. Lower-Income Housing Need by Detailed Income Level, San Gabriel Valley, 2021–2029

AMI Level	Lower-Income Housing Need	
	Units	Percent
Extremely Low-Income (Less than 30% AMI)	17,984	35.1%
Very Low-Income (30–50% AMI)	15,502	30.2%
Low-Income (50–80% AMI)	17,819	34.7%
Total, Lower-Income Housing	**51,306**	**100.0%**

Sources: Southern California Association of Governments; U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy Database; Bay Area Economics 2021.

Underwriting Criteria and General Loan Terms and Conditions

The general loan terms for RLF loans are outlined below. The Executive Director (or designee) and Board of Directors reserve the right to amend these terms on a project-by-project basis.

Loan Term

Generally, the RLF will be used to issue short-term loans that shall be due and payable upon the earlier of conversion to permanent financing or loan maturity after no more than 36 months. Loans may be extended for two 6-month extension options or longer if approved by the SGVRHT Board. When necessary in order to meet the requirements for other project funding or to enhance project feasibility, the Board of Directors may approve a different loan term.

Loan Amount

The maximum loan amount shall initially be set at $4 million per project. Furthermore, RLF loans shall not exceed the following (Table 4):

Table 4. Maximum Per-Unit Loan Amounts, Fiscal Year 2022-2023

	New Construction	Acquisition and Rehabilitation
0 and 1-bedroom units	$80,000	$100,000
2- or more bedroom units	$84,000	$105,000

Maximum per-unit loan amounts to be adjusted in July of each year using the annual Consumer Price Index for All Urban Consumers, West Region, All Items, as published by the Bureau of Labor Statistics, U.S. Department of Labor.

The Board of Directors may approve loan amounts exceeding these limits with justification.

Loan to Value Ratio

The SGVRHT will issue RLF loans of up to 100% of the appraised property value, plus predevelopment and/or site improvements costs. All budgeted expenses are subject to review and approval by the SGVRHT. The maximum allowable purchase price shall not exceed the appraised value as evidenced by an appraisal prepared by a California State Certified General Appraiser and approved by the Administrator that is dated no more than 6 months prior to the date of the application. The appraisal may not determine property value based solely on sales of properties financed by public agencies.

Interest Rate

The interest rate may be determined at either:

1. The rate established by the Federal Home Loan Mortgage Corporation for the average conventional commitment of a fixed-rate, 30-year mortgage, compounded annually; or
2. When necessary to secure investor equity or other funding sources, interest rates of affordable housing projects that include tax credits or conventional lenders, at 3% simple interest; or
3. As otherwise determined by the Executive Director (or designee) or the Board of Directors to ensure the feasibility of a project or to reflect the level of risk involved in the project.

Loan Repayment

A take-out source must be identified for predevelopment loans. Under some circumstances, the SGVRHT may rely on a Loan Guaranty from an Applicant that can demonstrate significant financial strength in lieu of an identified take-out source.

Loan payments shall be made as follows:

1. Loans generally will have monthly payments of interest only. Payment of principal is deferred until conversion to construction/permanent financing or maturity. If a loan interest payment is more than 10 days late, Borrowers must pay a 5% penalty of the loan interest payment. If there is not sufficient cash flow to make regular payments, an interest reserve may be considered.
2. The Borrower may elect to prepay the loan or any part thereof prior to the end of the term. However, the Memorandum of Agreement or recorded Covenants shall remain in full force and effect for its term regardless of any prepayment.
3. If the Borrower violates the terms of the Memorandum of Agreement or recorded Covenants such that the SGVRHT declares the loan in default, the entire amount of unpaid principal plus accrued interest at the rate established at the time of closing shall be due.

Developer Fees

The total budgeted developer fee shall not exceed the following:

a) For projects not utilizing low-income housing tax credits, the developer fee shall not exceed the amount calculated in accordance with subsections (1), (2), or (3) below. The per-unit amounts will be adjusted in thousand dollar increments in accordance with changes in the Consumer Price Index ("CPI") when, following the year 2016, the CPI has indicated the next full thousand dollar increment has been reached.
   (1) For new construction projects and projects where the contract for the rehabilitation work equals or exceeds $35,000 per unit:
      A. For the first 30 units, $26,000 per unit.
      B. For each unit in excess of 30, $10,500 per unit.
   (2) For other projects involving acquisition and rehabilitation where the contract amount for the rehabilitation work, excluding contractor profit and overhead, equals or exceeds $10,500 per unit and is less than $35,000 per unit:
      A. For the first 30 units, $12,000 per unit.
      B. For each unit in excess of 30, $5,500 per unit.
   (3) For all other projects, $2,000 per unit.

b) For projects utilizing 9% competitive low-income housing tax credits, the developer fee shall not exceed the amount that may be included in project costs pursuant to California Code of Regulations, Title 4, Section 10327.

c) For projects utilizing 4% tax credits, the developer fee shall not exceed the lesser of $3.5 million or the sum of:
   (1) The amount that could be included in project costs pursuant to California Code of Regulations, Title 4, Section 10327, if the project was receiving 9% competitive tax credits; plus
   (2) Any remaining deferred developer fee (payable exclusively from operating income) that is allowed in eligible basis under California Code of Regulations, Title 4, Section 10327, of the California Tax Credit Allocation Committee ("CTCAC") regulations.
   (Subsection (c) limits the developer fee paid from development funding sources.)

The Board of Directors may use different limits on Developer Fees, to the extent it deems the different limits necessary to attract sufficient applications to utilize available funding.

For new construction projects, the developer fee will be released in three stages, as applicable:

1. One-third upon issuance of the necessary building permits
2. One-third upon the conversion to construction/permanent financing (for rental housing) or issuance of the certificate of occupancy (for ownership housing)
3. One-third upon full sale of the project units (for ownership housing) (For rental housing, one-third will remain unreleased during the RLF loan term, to be released during the construction/permanent financing phase.)

For projects involving acquisition and rehabilitation, the developer fee will be released in three stages, as applicable:

1. 25% upon issuance of the necessary building permits
2. 25% upon the conversion to construction/permanent financing
3. 50% to remain unreleased during the RLF loan term, to be released during the construction/permanent financing phase

Predevelopment and Development Budgets

The SGVRHT will evaluate the predevelopment and development budgets in comparison to construction cost estimates; costs for other, similar projects; costs for other projects with adjustments for differences; industry resources such as Marshall & Swift building cost data; and other resources available to the SGVRHT.

Cash Flow and Debt Coverage Ratio

The Applicant shall submit a cash flow for the longer of the affordability term (see Affordability Requirements section) or 30 years. The cash flow should show a Year 1 debt service coverage ratio of 1.1 or higher and positive net cash flow through at least Year 15.

Operating Expenses

Total operating expenses shall not be less than those specifically listed in California Code of Regulations, Title 4, Section 10327, as minimum operating expenses unless the Applicant can provide sufficient evidence that lower expenses will be sufficient. Projects that will use tax credits must satisfy the operating cost minimums published by the CTCAC for Los Angeles County and the applicable project type and year. The Board of Directors may require higher operating expenses where warranted by the experience of comparable properties and particular building characteristics, such as the nature of the tenant population or the level of rehabilitation. The Board of Directors may approve total operating expenses that are less than those specified in Section 10327 if the project has an extraordinary design feature that results in a quantifiable operating cost savings or if the Board of Directors determines that lesser total operating expenses are sufficient for the effective operation of the project.

Reserves

The development budget should include the following reserves, to be funded in the permanent financing phase and/or from operating income:

1. Replacement Reserves – An account to fund new building materials and systems as older materials and systems wear out.
    - The minimum replacement reserve deposit for projects shall be $300 per unit per year or, for new construction or senior projects, $250 per unit per year.
2. Operating Reserves – An account to cover a deficit in the property's operation.
    - An operating reserve shall be funded in an amount at least equal to 3 months of estimated operating expenses, non-contingent (i.e., senior) debt service, and reserve deposits under stabilized occupancy.

Collateral/Security

The loan shall be secured by a Deed of Trust, secured by real property or other security as approved by the Board of Directors. The SGVRHT may consider a Loan Guaranty from an entity that can demonstrate significant financial strength. The SGVRHT may consider subordinating its lien position to other lenders.

Fees

A loan origination fee of 1% of the loan amount will be charged for all loans. An application fee of $500 is due with the application and may be paid by check to the San Gabriel Valley Regional

Housing Trust. The Board of Directors may institute fees for future RLF funding. Borrowers are required to pay out-of-pocket expenses and legal costs associated with a loan.

Loan Documents

Prior to receiving funding, Applicants must execute the following "Loan Documents," except SGVRHT may choose to exclude one or more of the documents:

- Loan Agreement
- Promissory Note
- Deed of Trust
- Assignment of Contracts and Plans
- Memorandum of Agreement
- Option and Purchase Agreement
- Loan Guaranty, if applicable
- Other documents as determined by the Executive Director (or designee) and Board of Directors

Fair Housing and Equal Opportunity

The SGVRHT is an equal opportunity lender. All projects receiving RLF funding must comply with applicable State and Federal fair housing and equal opportunity laws.

Prevailing Wages and Relocation

The SGVRHT will only make RLF loans to projects that are either exempt from State prevailing wages and Davis-Bacon requirements or where the Borrower has experience successfully developing projects that pay State prevailing wages or Davis-Bacon wages. Projects receiving RLF loans from revenue sources derived from local, State, or Federal sources will be subject to applicable State or Federal relocation laws.

Table 5 summarizes the underwriting standards and loan terms, as detailed above.

Table 5. Summary of Underwriting Criteria and Loan Terms

SGVRHT Loan Underwriting Standards	
Loan Term	36 months, with up to two 6-month extension options.
Loan Amount	The maximum loan amount is $4 million per project, with the following per-unit limits, to be adjusted annually utilizing the CPI: • New Construction: $80,000 for 0 and 1-bedroom units, $84,000 for 2- or more bedroom units • Acquisition and Rehab: $100,000 for 0 and 1-bedroom units, $105,000 for 2- or more bedroom units
Loan to Value Ratio	Up to 100% of appraised property value, plus predevelopment and/or site improvements costs. Appraisal is required within the last 6 months.
Interest Rate	Either: • The rate established by the Federal Home Loan Mortgage Corporation for the average conventional commitment of a fixed-rate, 30-year mortgage, compounded annually • 3% simple interest • As otherwise determined by the Executive Director (or designee) or the Board of Directors
Loan Repayment	A take-out source must be identified. Under some circumstances, the SGVRHT may rely on a Loan Guaranty from an Applicant that can demonstrate significant financial strength in lieu of an identified take-out source. Interest only, paid monthly. Principal will be due at the earlier of conversion to construction/permanent financing or the maturity date. Borrowers must pay a 5% penalty of the loan interest payment if an interest payment is more than 10 days late. If there is not sufficient cash flow to make regular payments, an interest reserve may be considered.
Developer Fees	The total budgeted developer fee shall be limited based on the project type, scope of work, and/or whether the project will pursue tax credit financing. The developer fee will be released in stages, depending on the project type.
Predevelopment and Development Budgets	The SGVRHT will evaluate the predevelopment and development budgets in comparison to construction cost estimates; costs for other, similar projects; costs for other projects with adjustments for scope differences; industry resources such as Marshall & Swift building cost data; and other resources available to the SGVRHT.
Cash Flow and Debt Coverage Ratio	The Applicant shall submit a cash flow for the longer of the affordability term or 30 years. The cash flow should show a Year 1 debt service coverage ratio of 1.1 or higher and positive net cash flow through at least Year 15.
Operating Expenses	Total operating expenses shall not be less than those specifically listed in California Code of Regulations, Title 4, Section 10327, as minimum operating expenses. The Board of Directors may require higher operating expenses or approve lower operating expenses under certain circumstances.
Reserves	The development budget should include replacement reserves and operating reserves.
Collateral/Security	Loans will be secured by a Deed of Trust, secured by real property or other security as approved by the Board of Directors. The SGVRHT may consider a Loan Guaranty.
Fees	A loan origination fee of 1% of the loan amount will be charged for all loans. For the first year of the RLF, the SGVRHT is not charging application, underwriting, or other similar fees.
Loan Documents	All loans will require a Loan Agreement, Promissory Note, Deed of Trust, Assignment of Contracts and Plans, Memorandum of Agreement, and other documents as determined by the Executive Director (or designee) and Board of Directors.

Table 5. Summary of Underwriting Criteria and Loan Terms

SGVRHT Loan Underwriting Standards	
Fair Housing and Equal Housing Opportunity	The SGVRHT is an equal opportunity lender. All projects receiving RLF funding must comply with applicable State and Federal fair housing and equal housing opportunity laws.
Prevailing Wages and Relocation	The SGVRHT will only make RLF loans to projects that are either exempt from State prevailing wages and Davis-Bacon requirements or where the Borrower has experience successfully developing projects that pay State prevailing wages or Davis-Bacon wages. Projects receiving RLF loans from revenue sources derived from local, State, or Federal sources will be subject to applicable State or Federal relocation laws.