GMHF Quick-Start Guide for Borrowers

GREATER MINNESOTA HOUSING FUND

Greater Minnesota Housing Fund can close on our affordable housing loan products in approximately 90 days from receipt of all initial due diligence items if the Borrower is prompt in responding to requests for due diligence and works ahead on items that require some lead time. Reviewing this Quick-Start Guide as early as possible in the process will help clarify roles and responsibilities and keep projects on track for closing within about 90 days from GMHF's first look at the project.

GMHF Approval and Closing Timeline

*(Note timeline is subject to change if there are other funding partners involved in the project)

90-120 days before closing

1. Complete intake call with loan officer to discuss project proposal and review GMHF's process
2. Borrower sends initial due diligence
3. GMHF loan officer provides feedback on preliminary loan sizing and provides term sheet

60-90 days before closing

1. GMHF collects additional due diligence and issues Letter of Interest (LOI) or preliminary commitment
2. Borrower provides due diligence deposit to GMHF
3. GMHF orders appraisal and Capital Needs Assessment (CNA), and 3rd party review of CNA costs
4. Borrower provides due diligence needed for final loan approval

45-60 days before closing

1. Appraisal is complete
2. CNA is complete
3. Firm bids are in hand for construction or rehab
4. GMHF completes final underwriting

30-45 days before closing

1. GMHF seeks final loan approval* (Loan Committee meets once monthly)
2. GMHF and Borrower begin regular due diligence calls to review checklist
3. Borrower provides due diligence requested in a timely manner
4. Interest rate locked within 30 days prior to closing

2 weeks before closing

1. All due diligence needs to be received by GMHF 2 weeks before closing

**Until final loan approval is received, there is not a binding commitment and any significant changes to the pro forma or information learned up until closing may change the terms of the loan.*

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Initial due diligence needed for GMHF to size a loan and provide preliminary feedback

Due Diligence Item	Existing Projects	New Construction
3 years of property operating statements	X	
Proposed rehab scope of work (if known)	X	
Current Rent Roll	X	
Comparable property operating statements (Preferably from developer's portfolio)	X	X
Purchase Agreement (needs a 90 day+ closing window)	X	X
Breakdown of utilities paid by tenants	X	X
Proposed development budget, sources of funds, rents, and operating expenses (GMHF can provide template if needed	X	X
Proposed site and building plan		X

GMHF will use the initial due diligence above to evaluate feasibility, size a loan (or loans) and provide a term sheet. To move forward we will need to collect additional due diligence and complete a financial review of the guarantor and issue an LOI. The developer will need to sign off on the LOI and provide a $10,000 due diligence deposit to cover GMHF's due diligence costs and stay on track for closing.

Roles and Responsibilities for critical items that affect timeline

GMHF responsible for:

1. Appraisal
2. Capital Needs Assessment (used to determine rehab scope of work and reserves)[1]
3. Project underwriting, loan approval, and closing process

Developer responsible for:

- Providing all due diligence to GMHF when requested
- Title & Survey (see end for list of approved Title Companies)
- Zoning letter from city showing zoning requirements
- Insurance (Owner's General Liability, Property, Builder's Risk, Flood)
- Working with own attorney and obtaining organizational documents
- Providing personal financial statement, 3 years of tax statements
- Identifying a property manager (GMHF must approve manager)

[1] While GMHF will order a CNA and confirm the costs of replacements about 30 days before closing, it is a best practice for the Borrower to identify likely capital needs in advance and work with trusted contractors to determine costs earlier in the process.