

COMPONENTS OF THE LOAN APPLICATION

Loan Application
Sample Application





Components of Loan Application

- Financing Request (Loan/Grant)
- Applicant/Borrower Data
- Development Summary
- Marketing Information
- Property Management (for rental sites)
- Annual Cashflow/ Operating Budget
- Development Sources and Uses
- Architectural Information/Drawings



Applications Cost Too!

Most Lenders Charge An Application Fee.

Other associated application costs are:

- Cost of printing
- Fees to apply
- Fees for special studies
 - Environmental fees
 - Site Control Fees
 - Appraisal
 - Loan/Financing Fees

Operating Budget

- Will there be sufficient money to operate the development?
- Expenses (utilities, snow removal, turnover costs, vacancy rate...)
- Income (rent, vending, laundry, common space use...)
- CASHFLOW (Goal is breakeven to positive)





Property Management

- Name of Property Management Company
- Experience and Type of Units Managed
- Management Plan

Financing Request

- Amount Desired
- Type of Financing
 - Construction
 - Permanent
 - Gap
- Terms (15, 30, 50 yr)
- Rates





Applicant/ Borrower Data

- Name of Borrowing Entity
- Primary Contact Information
- Development Team (Contractor, Attorney, Management Company, Architect, Engineer, etc.)
- Previous Participation and Team Experience
- Organizational Documents



Development Summary

- Name of Development
- Location (city, state, county, neighborhood...)
- Number and Type of Units
- Neighborhood Description
- Site Summary (building, site, utilities, zoning...)
- Improvement Summary
- Timeline for Development
- Amenities and Services (pool, washer and dryers in unit, computer lab, bus line...)



Value v. Cost

- Loan-to-value
 - Expressed in percentages
 - Amount of loan compared to existing/proposed development value
- Loan-to-cost
 - Expressed in percentages
 - Amount of loan compared to development costs
- Per unit cost
 - Amount of each individual unit (e.g. TDC \$100K v. apartment unit \$20K)



Marketing

- Market area to be served
- Target population
- Existing and Potential Competition
- Marketing Tools (model, ads, concessions)



Sources and Uses

- Development Costs
- Contract Costs
- Land/Acquisition Costs
- Sources and Terms of Funds (Grants count!)
- Equity Sources



Annual Cashflow

- Expenses
 - Administrative (includes model)
 - Utilities
 - Maintenance and Operating
 - Taxes and Insurances
 - Replacement Reserves
- Income
 - Rental
 - Laundry
- Vacancy Rate (about 5%)



Typical Supporting Documents

- Transmittal Letter/Form
- Zoning Verification
- Site Control
- Photos of Site (may include aerials)
- Environmental Study*
- Market Study*
- Appraisal*
- Organizational Documents
- Financial Statements
- Letters of Local Support
- Architectural Docs/Site Plan

***Note: Generally ordered by lender.**

Getting the Approval Stamp

- Complete all sections.
- Make sure you tell your story.
- Present information in a professional manner.
- Communicate current contact information.

