

Condo Association Loan Product Sheet

The following is provided for informational purposes only and does not constitute a commitment to lend or an agreement to issue or accept a commitment on these or any other terms or to arrange any financing and shall not create a binding or legally enforceable obligation on the behalf of the Hawaii Green Infrastructure Authority, its Board or staff, the State of Hawaii or any other party in any way.

Co-Lenders:	Participating Lender ¹ - Community Development Financial Institutions (“CDFI”) are welcomed to participate either as a Lead Lender or a Co-Lender Hawaii Green Infrastructure Authority (“HGIA”)
Types of Loans:	Participation Loan: Made in conjunction with a CDFI where HGIA shall purchase a portion of the CDFI’s loan to the AOA. Direct Loans: <ul style="list-style-type: none"> • Two loans made to the AOA one by a CDFI (Senior Lender) and the other by HGIA (subordinate lender). The loans may have differing rates and terms. • One loan for the entire project made by HGIA.
Loan Amount:	The loan amount will be based on the project’s necessary repairs and ability to service the requested debt. Loans are limited to funding availability.
Eligible Borrower:	Existing condominium associations (“AOAO”) that have received at least one letter from a financial institution declining its eligibility for a loan to address maintenance or insurance coverage issues.
Eligible Loan Purposes:	Financing provided to make loans or refinance existing loans (new money required) for maintenance or repair projects, including: <ul style="list-style-type: none"> • Installing, repairing or replacing fire sprinklers or other fire safety measures; • Repairing or replacing pipes; • Repairing or replacing the roof; or • Any other maintenance or repairs HGIA deems will lower the risk profile of the condominium project.
Prevailing Wages	Pursuant to chapter 104, HRS, the State Wage and Hours Laws, the contractor(s) engaged by the AOA must pay prevailing wages for any projects in excess of \$2,000, if reimbursable general obligation bonds are used to pay for the construction or installation of eligible improvements.
Geographic Requirements:	All AOAOs must be located in the State of Hawaii
Eligible Properties:	Fee simple or leasehold properties. Leasehold restrictions may apply.
Recourse:	No personal guarantees are required.
Collateral:	The Loan may be secured by a voluntary governmental lien over the property. Loans may also be secured by a UCC-1 financing statement.
Interest Rate:	CDFI: The loan shall be priced at the CDFI’s standard rate for similar loans. HGIA: The interest rate shall be determined and pegged to the rate charged for the reimbursable general obligation bond. The interest rate shall be no less than two hundred basis points over the bond rate.

¹ Interested Community Development Financial Institutions must submit an application to become a Participating Lender in the Condo Loan Program.

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Term:	<p>CDFI: Loan term deemed appropriate for similar CDFI loans.</p> <p>HGIA: Up to twenty (20) years, inclusive of the construction/development period (if funding is provided during development).</p>
Loan Structure:	<p>CDFI: Loan structure appropriate for similar loans.</p> <p>HGIA: Interest only over the amounts funded during the construction/installation period; thereafter, principal and interest, which will fully amortize the loan, over the remaining term of the loan.</p>
Debt Service Coverage Ratio (DSCR):	<p>CDFI: The loan will require a minimum DSCR deemed appropriate for similar loans.</p> <p>HGIA: Minimum DSCR of 1.15x.</p>
Origination Fee:	<p>CDFI: An origination fee deemed appropriate for similar loans.</p> <p>HGIA: 0.50% of the HGIA Loan Amount.</p> <p>Other closing costs will apply and may include but are not limited to title insurance, property surveys, appraisals, environmental site assessments, legal fees for loan documents, recording fees, etc.</p>
Covenants:	<p>The AOAO must agree to:</p> <ul style="list-style-type: none"> • increase its replacement reserve fund balances over the term of the loan; • obtain full replacement property and hurricane insurance coverage upon completion of the repair and maintenance work; <p>Other standard covenants for this type of loan will apply and be defined in the loan documents.</p>
Prepayment Penalty	<p>CDFI: Prepayment penalties deemed appropriate for similar loans.</p> <p>HGIA: None. The loan may be prepaid at any time without penalty.</p>

The information contained herein is not all-inclusive and is subject to change at any time. For more information, please contact Hawaii Green Infrastructure Authority at 808-587-3868 or dbedt.greenbank@hawaii.gov