
SOURCE OF FUNDS

- ✘ Centennial Mortgage, Inc.

ELIGIBILITY

- ✘ Community Facilities programs include guaranteed loans, direct loans and grants.
- ✘ Borrowers must be not-for-profit entities, local public entities, counties, special purpose districts, or Indian tribes.
- ✘ For New Construction, relocate, enlarge or improve Community Facilities. Refinancing existing debts may be considered.
- ✘ Essential community facilities such as Health Care, Recreation, Fire, Public Safety and Public Services.

REQUIREMENTS

- ✘ Project must be in a designated “Rural Area,” as defined by USDA—population must be less than 20,000.
- ✘ Audited project financial statements must be filed annually with CMI.
- ✘ Repayment of the loan must be based on tax assessments, revenues, fees or other sources of money sufficient for operation and maintenance, reserves and debt retirement.

ESCROWS

- ✘ Full escrows for property taxes and mortgage and property insurance are funded at closing and must be maintained throughout the life of the loan.
- ✘ A Replacement Reserve account must be established at closing and is made available for replacement of short-lived depreciable items. The account must be maintained with monthly

contributions throughout the life of the loan. Interest earned on the account accrues to the benefit of the property, if applicable.

- ✘ An Operating Escrow Reserve in the minimum amount of 2% of the total development cost or appraised value (whichever is greater) or an amount that will equal proforma rental income when combined with actual receipts from project operations may be required by USDA to cover operating losses until sustaining occupancy is reached and must be funded by mortgagor with cash or a letter of credit at the closing of the construction financing, if applicable.
- ✘ A Construction Contingency Escrow in the amount of 2% of the construction contract is required to cover additional costs during construction, if applicable.
- ✘ The borrower must contribute initial operating capital equal to at least 2 % of the loan amount, if applicable.

FEATURES

- ✘ This is a non-recourse loan. Mortgagor assumes no personal liability.
- ✘ Security is determined by the lender and approved by the USDA.
- ✘ Long-term—up to 40 years, fully-amortizing. Balloon payments at the end of the loan are prohibited.
- ✘ Interest rates for guaranteed loans may be fixed or variable.
- ✘ Loan-to-cost ratio up to 90%.
- ✘ Converts to permanent financing upon completion at no extra cost. (Construction/Permanent Loan)
- ✘ Not subject to Davis-Bacon requirements.

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