TERMS and CONDITIONS
Commonwealth of Massachusetts
Capital Improvement & Preservation Fund (CIPF) Program

For more information please go to our web page at www.mass.gov/dhcd or call the CIPF staff at (617) 573-1300

Eligible Borrowers:	For profit developers and non-profit developers
Eligible Activities:	Acquisition, refinance and/or rehabilitation of existing structures for rental use. Eligible properties include housing at risk of losing affordability restrictions due to the potential for the prepayment of its mortgage and housing in which a project-based rental assistance contract has expired or is expiring.
Maximum Loan Amount:	DHCD will award a maximum of $40,000 per unit for projects with more than 25 units and a per project maximum of $2,000,000 and will award $50,000 per unit for projects with 25 units or less and a per project maximum of $1,250,000.
Local Contribution:	Projects located in HOME entitlement or HOME consortium communities must include a commitment of local funds. If an application is submitted without a match, it will not be scored. In general, preference will be given to applications with full match commitments.
Cost/Fee Limits:	DHCD's recommended per unit cost limit is $155,000. The combined cost of the developer fee, developer overhead and development consultant may not exceed 12.5% of a project's Total Development Cost. Development consultant costs included in developer fee limits consist of all consultants performing developer services, e.g. green consultants, historic consultants, tax credit consultants, relocation consultants, etc. For projects seeking Low-Income Housing Tax Credits (LIHTC) with Capital Improvement and Preservation funds, the developer fee, overhead and development consultant costs must be within the allowable LIHTC limits. Please note: generally, applicants who receive CIPF funding will be required to provide a full cost certification completed by a Certified Public Account at project completion. DHCD will accept a cost compilation prepared by a CPA for projects with fewer than 20 units sponsored by a non-profit. Upon completion of the development, any cost savings from the original budget for the development, including 100% of the unused soft cost contingency, shall be paid pro rata to the MassDocs participating lenders as a prepayment of their respective loan and/or grant. At the option of DHCD, the savings may be held as a capital reserve for the development.
Security:	All CIPF loans will be secured by a mortgage on the property. CIP funds are often subordinate to other loans; the subordinate position will depend upon the financial structure of the deal.
Affordability:	No less than 50% of the total units must be available and affordable to households at or below 80% of the area median income as determined by HUD and a minimum of 5% of the total number of units must be

	reserved for households at or below 50% of the area median income. Developers are permitted to charge up to LIHTC rents for CIPF units only upon initial rent-up and upon turnover (not upon lease renewal). Please note that units funded with HOME and CIPF must comply with HOME rent rules.
Holdback Feature:	DHCD provides CIPF funds through a requisition process and holds back 10% of the CIPF award until the project is substantially complete.
Term of Loan:	Loans will be for 40 years. During the final year of a loan, the owner has the option of requesting an extension of the affordability period and further deferring payment on the mortgage note. Typically, there will be one payment due at maturity, in an amount (subject to adjustment for costs, penalties, and other charges under the terms of the loan documents) representing the entire balance of the loan. However, DHCD reserves the right to require repayment of the CIPF loan out of cash flow if DHCD deems there is or may be at some point in the future adequate cash flow to do so.
Recourse:	The loans will be non-recourse.
Interest Rate:	Generally, DHCD CIPF loans are deferred payment loans with zero percent interest rates. DHCD reserves the right to assign a higher rate of interest to any CIPF loan.
Debt Coverage Ratio:	DHCD expects CIPF projects to have minimum debt coverage ratios of approximately 1.15 in year one.
Sustainable Development Principles:	Applicants should submit applications for projects that are guided by the Commonwealth's principles of sustainable development.
Environmental:	An ASTM Phase One environmental assessment must be completed and submitted for each property within the project, either with the application or as part of the loan closing documentation. Properties also may be subject to additional review.
Good Standing at DHCD:	Applicants for CIPF funds, including all members of their development teams, must be in good standing with DHCD with respect to other DHCD-assisted projects.
Application Fees:	The application fee for non-profit developers is $450 per project; the fee for for-profit developers is $1,250 per project.
Marketability:	Applicants for CIPF funds must include a detailed market study prepared by a qualified professional or other entity acceptable to DHCD, demonstrating marketability for the affordable and market rate units (including comps, demographic data, and property management information).
Resident Selection & Affirmative Fair Marketing:	Applications for CIPF funds must include a detailed description of the process that will be used to select tenants and also must include a detailed description of affirmative fair housing marketing efforts. Applicants must incorporate DHCD's most current Fair Housing Mission Statement and Principles including changes enacted by HR 3221, into project marketing.
Annual Data Collection:	Applicants who receive CIPF funding will be required to report household characteristic data for all CIPF-assisted units at the time of final rent-up and on an annual basis from that point forward. Project

	owners or their specified designees will be required to report using the web-based data collection system developed by DHCD.