

PROGRAM: The MFA BUILD IT! Loan Guarantee Program

AGENCY: The Mortgage Finance Authority

DESCRIPTION: The BUILD IT! Loan Guaranty Program was created in 1994 to encourage other lenders to provide interim financing when they might not otherwise do so – for “high risk” or unconventional projects, to unfamiliar types of borrowers or in unfamiliar geographic markets.

ELIGIBILITY:

- Loans to public or tribal agencies and nonprofit developers can be guaranteed under this program.
- Loan guaranties can be used for owner-occupied or rental developments or special needs facilities. Sites must be responsive to demonstrated community needs, and zoning must be pending or completed.

STRUCTURE:

- The program offers MFA guaranties of up to 50% of the risk of loss in the underlying loan. MFA has successfully guarantied the loans of both conventional lending institutions and community lenders in the past.
- MFA may charge fees of up to 5% of the guaranty amount.
- Application forms and program rules can be obtained by calling Elaine Wynne at (505) 767-2243 or 1-800-444-6880.

QUALIFICATIONS/CRITERIA:

- Commitments for matching contributions from other public sector entities, equal to 10% of the total development costs, must be in place.
- At least 40% of the units in the development must be affordable to households earning no more than eighty percent of adjusted area median income.
- The interim loan must be committed prior to application, but the commitment may be contingent on MFA’s guaranty.
- Land development and acquisition or construction costs can be funded by the loan, but predevelopment and permanent financing will not be guarantied.
- Lines of credit are eligible. The terms of the loans cannot extend beyond the closing of the subsequent financing or three years, whichever is sooner.
- Interest rates must be at or below market, and other loan terms are also subject to MFA approval.
- For supplemental information and any forms <http://www.housingnm.org/Developer/devAppsRefs.htm#build> or contact Linda Bridge: Senior Development Program Manager, Main: (505) 843-6880 Direct: (505) 767-2262
- Visit the MFA’s homepage at <http://www.housingnm.org/> or call (505) 843-6880 (800) 444-6880 (Toll free in New Mexico)