

Loan Closing Process



Ohio Housing Finance Agency

HDAP Loan Closing Staff

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HDAP Loan Closing Process

Step 1: Request to Close

Submit a formal letter requesting to close the loan along with the due diligence closing binder or CD to:

Ohio Housing Finance Agency
Legal Dept., c/o Debbie Macioce
57 East Main Street
Columbus, Ohio 43215



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HDAP Loan Closing Process

Step 1: Continued

When should I request to close?

- Understand the process:
 - May take 30 days or longer to close a loan **after a request has been made.**
 - Often negotiations on checklist items or on the loan documents stall the closing process.
 - Sometimes other parties (e.g., funders, local governments, syndicators, ER problems, etc...) cause delays in closing.
 - Please plan accordingly.



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HDAP Loan Closing Process Step 2: The Checklist

- **The HDAP Recipient goes to the OHFA website and downloads the closing checklist:**

<http://www.ohiohome.org/hdap/closingchecklist.doc>

- **Next, Borrower collects *all* the information required on the checklist and submits the material in a labeled and organized binder or CD.**
- **All items should be submitted at one time. Missing or late submissions will cause delays in closing.**



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HDAP Loan Closing Process
Step 2: Continued: Checklist Items

1. **Formal Request to Close**
2. **Notice of Substantive Changes**
3. **Recorded Deed**
4. **Roster of Street Addresses**
5. **Title Insurance**
6. **Hazard Insurance**
7. **Flood Zone Designation**
8. **Residential Zoning Designation**
9. **Building Permits**
10. **Environmental Release**
11. **Construction Contract (AIA)**
12. **Construction Lender Agrmt.**
13. **Permanent Lender Agrmt.**
14. **Equity Commitment Agrmt.**
15. **Governmental Commitment Agrmts.**
16. **Recipients Organizational Info.**
17. **Project Owner's Organizational Info.**
18. **Recipient's Resolution Authorizing/Accepting HDAP**
19. **Project Owner's Resolution Authorizing/Accepting HDAP**
20. **Documents Relevant to any Special Conditions.**



HDAP Loan Closing Process Step 2: Continued

- Legal staff reviews the due diligence submission and communicates with Borrower to remedy any omissions or issues until all checklist/due diligence requirements are deemed satisfied.



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Step 3: Closing Process

- OHFA drafts and sends Borrower a set of loan documents.
- Borrower reviews and comments on the documents.
- Parties finalize the documents.



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Step 3: Continued

- **HDAP Closing Documents**

1. **Loan Agrmt.** between OHFA and HDAP Recipient
2. **Sponsor Note** between HDAP Recipient and Project Owner
3. **OHFA Note** between OHFA and HDAP Recipient
4. **Pledge & Security Agrmt.** between OHFA, HDAP Recipient and Project Owner
5. **Mortgage** between HDAP Recipient and Project Owner
6. **Assignment of Mortgage** between OHFA and HDAP Recipient
7. **Restrictive Covenants** between OHFA and Project Owner
8. **Consents to Restrictive Covenants** required from any mortgage holder of record.

NOTE - HDAP documents will vary depending upon the type of loan and number of parties involved.



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Step 4: Execution and Recordation

- Once Borrower and OHFA agree on finalized documents, Borrower must execute the documents, record those that require it, and return the original, executed and, if necessary, recorded documents to OHFA.
- The following documents are examples of common documents that must be recorded:
 1. **Mortgages**
 2. **Assignment**
 3. **Declaration of Restrictive Covenants**
 4. **Consents to Restrictive Covenants**



HDAP Loan Closing Process Step 5: Project closed

When all final documents are received:

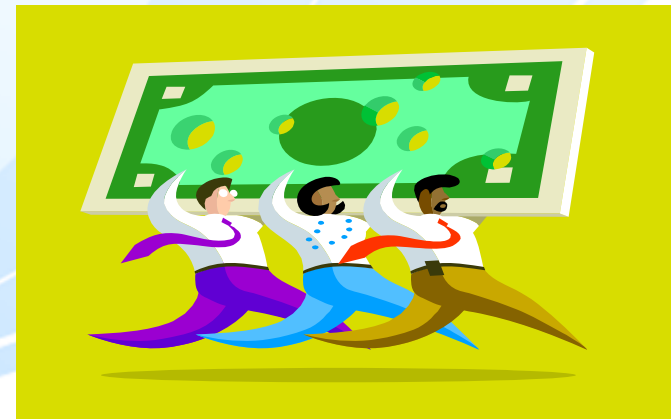
- OHFA will sign the appropriate documents.
- Send an email to the project's contact with a pdf version of all the final closing documents stating the loan is now considered closed.



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HDAP Loan Closing Process Step 5: Getting the Money

A draw request must be submitted to your assigned PA in Planning Preservation and Development.



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HDAP Loan Closing Process

THE END



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