



CHEFA
Connecticut Health & Educational
Facilities Authority

CHEFA Capital Investments Loan Program Funding Cycle Notice: 2024A

Summary:

Connecticut Health and Educational Facilities Authority (“CHEFA”) Capital Investments Loan Program (“Program”) serves as a source of financial assistance to better enable Connecticut based nonprofits to increase the commerce, welfare and prosperity and the improvement of the health and living conditions of the people of Connecticut.

Eligible Applicants:

Organizations with a current IRS 501(c)(3) tax-exempt designation, that are located in and have operated in Connecticut for at least three (3) years are eligible, and whose mission falls within one of the following CHEFA’s core sectors.

- Cultural Institutions – Includes Institutions that conduct museum, cultural, humanities, and/or arts activities
- Child Care Provider – A licensed provider of center-based care
- Education – Includes (1) private institutions of higher education, i.e., colleges and universities, including the Connecticut State University System, (2) private independent schools, and (3) regional educational service centers
- Healthcare – Includes licensed hospitals, health centers, and visiting nurse associations
- Human Services Providers – Includes adult day care facilities, boys & girls clubs, community action agencies, social service agencies, and YMCA/YWCAs.
- Long-Term Care/Senior Living Facilities – Includes licensed facilities which (1) provides chronic and convalescent nursing care, (2) is a rest home with nursing facilities, (3) provides health care facilities for the handicapped, (4) is a home for elderly persons or physically handicapped or mentally handicapped persons or (5) is a continuing care facility registered with the Department of Social Services.

Eligible Applicants may only close one loan during the Authority’s Fiscal Year which runs from July 1st through June 30th.

Eligible Uses:

Loans can be used for finance capital projects to be used in furtherance of the Applicant’s mission, including the acquisition of fixed and moveable personal property and renovations/improvements to the Applicant’s facilities. Loans may not be used to refinance existing debt, finance working capital expenses and/or pre-development costs.



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Loan Terms and Structure:

Loans will be structured to meet the applicant's needs subject to the following terms and conditions:

Loan Size:	Minimum Amount - \$5,000 Maximum Amount - \$200,000 Maximum Loan Amount Exception: CHEFA may, upon approval by Management of CHEFA, approve loans for up to \$500,000, subject to the criteria identified in the CHEFA Capital Investment Loan Program Underwriting Guidelines.
Loan Term:	Up to sixty (72) months (not to exceed the useful life of the financed capital project).
Interest Rate:	2.99% per annum
Prepayment:	Loans can be paid in full at any time without a prepayment penalty.
Security:	First Mortgage or Security Agreement at CHEFA's discretion. CHEFA may consider a second position, if first position is not available. CHEFA has the discretion to waive the security requirement for an organization who is a borrower of an outstanding CHEFA bond issuance.

Loan Application Process:

Interested Applicants should review the Loan Application and related documents found on CHEFA's website at www.chefa.com. Applications must be submitted electronically to Krista Johnson at kjohnson@cheffa.com

Submitted applications will be reviewed by an Internal Loan Committee on a first come, first served basis. The Internal Loan Committee's recommendation to approve or deny an application shall be based upon the attached CHEFA Capital Investments Loan Program Underwriting Guidelines

Terms and Conditions:

- (a) CHEFA reserve the right to reject any or all Applications or waive irregularities, in its sole discretion, if CHEFA determines that is in the interest of CHEFA.



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- (b) CHEFA will not be responsible for any expenses incurred by any Applicant in conjunction with the preparation or presentation of any proposal.
- (c) CHEFA's approval of an Application is not an offer and is subject to funding availability.
- (d) CHEFA reserves the right to continue negotiations with approved Applicants until the parties reach a mutual agreement.
- (e) Applicant must comply with all State of Connecticut statutes governing contractual relationships with Quasi-Public Agencies.
- (f) CHEFA reserves the right to terminate this Funding Cycle Notice at any time.

Attachment:

- CHEFA Capital Investments Loan Program Underwriting Guidelines

CHEFA Capital Investment Loan Program

Underwriting Guidelines

The CHEFA Capital Investments Loan Program's ("CILP") underwriting guidelines are similar to those used by lending institutions in commercial loan evaluation. Since the CIL has a community development mission, the underwriting guidelines incorporate non-financial credit considerations including economic impact and community benefit.

Applications received for the CILP will be reviewed by an Internal Loan Committee. Applicants must demonstrate that historical financial performance and projected performance reasonably assure loan repayment. The Internal Loan Committee will review each application and determine if an Applicant meets the following underwriting guidelines:

- a. Federal Exempt Status and State Filing Requirements
The Applicant's exempt status must be in good standing and has satisfied all of its legal obligations with the Connecticut secretary of the state.
- b. Operating Performance
The Applicant must have been in operation for at least three (3) years and have demonstrated track record of providing beneficial service to the community. Applicants must provide three (3) years' worth of financial statements and explain to the satisfaction of CHEFA all concerns identified upon review and any events of defaults, reported material weaknesses, and significant deficiencies that may have been identified by an independent auditor.
- c. Cash Flow Analysis
A Debt Service Coverage Ratio ("DSCR") of at least 1.25 times is required. DSCR means (1) Change in Net Assets without Donor Restriction excluding any (i) depreciation and amortization expense, (ii) interest expense, (iii) all investment gains and losses whether realized or unrealized, and if applicable (iv) change in value of interest rate swaps, divided by the current annual debt service, including the debt to be incurred by this proposed financing. Applicants must be able to demonstrate the ability to meet the minimum debt service coverage ratio requirement for the previous fiscal year in which audited financial statements are available and maintain a debt service coverage ratio of at least 1.25 times over a three (3) year projection period.
- d. Loan Amount Limitations
The amount of the approved loan may not exceed the costs of the financed capital project. No more than five (5) percent of the loan amount may be used for indirect costs related to the financed capital project.

Maximum Loan Amount Exception: Available to an Applicant who is a borrower of an outstanding CHEFA bond issuance and satisfies the underwriting guidelines, and any other Applicant who can demonstrate an enhanced DSCR of at least 1.35 times and satisfy all other underwriting guidelines.

If an Applicant fails to meet the underwriting guidelines, the Internal Loan Committee may consider factors including the economic impact and community benefits on a case-by-case basis, in its decision to recommend the approval the application. For those Applicants that fail to meet the underwriting guidelines and are denied by the Internal Loan Committee, they shall be notified in writing within ten (10) business days with an explanation that led to the denial.

Once the Internal Loan Committee has reviewed the Applicant and has made a recommendation for approval, a CHEFA Officer will review the recommendation and determine if the loan application may close.