



**Housing Finance
Agency**

Multifamily Lending Program (MLP) Guidelines

Office of Multifamily Housing | **Effective July 16, 2026**

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A. GUIDING PRINCIPLES

The following policy statements provide guidance for the administration of the Multifamily Lending Program (MLP) and are the basis for staff decisions regarding loan requests:

- The MLP is designed to provide long-term, permanent financing for multifamily rental housing developments that serve low- to moderate-income residents. The MLP is not available to be used during construction.
- Loans will be structured to maintain the financial feasibility of a project while earning a reasonable return and minimizing risk for the Ohio Housing Finance Agency (OHFA).
- All principal and interest must be repaid. Any default on an MLP loan may result in the borrower (and related parties) being ineligible to participate in OHFA programs for a period determined by OHFA staff until the borrower and related parties have fully remedied all issues related to the defaulted loan. (This is in addition to the remedies available to OHFA as first mortgagee.)
- Rent and income restrictions that mirror the Low-Income Housing Tax Credit (LIHTC) program are required during the term of an MLP loan. All other LIHTC compliance monitoring rules also apply. Exceptions may be permitted contingent on approval by the OHFA Board. If the property is not subject to rent or income restrictions per the LIHTC program, a restrictive covenant identifying the rent and income restrictions for the property must be entered into and recorded prior to closing on the MLP funding.
- Projects must meet stringent underwriting standards to ensure financial feasibility and the ability to repay an MLP loan during the loan term.
- Most MLP loans will participate in the Section 542(c) Housing Finance Agency (HFA) Risk-Share program providing credit enhancement from the Federal Housing Administration (FHA).
- The amount of MLP loan funding available and number of loans per organization annually will be capped to ensure funding is available to multiple parties; however, OHFA's Board may waive the cap if limited demand for the MLP justifies it. Strong preference will be given to organizations with considerable and successful experience with OHFA programs and sufficient staff capacity, substantial financial resources, and an excellent credit history.

B. LOAN CATEGORIES

The MLP has two loan categories: New LIHTC MLP, and Existing LIHTC MLP.

New LIHTC MLP loans work in conjunction with LIHTC by coupling the MLP with new allocations of 4% or 9% credits for both new construction (including adaptive reuse) and the rehabilitation of existing units. New LIHTC MLP loans are committed prior to construction and funded upon completion and lease-up.

Existing LIHTC MLP loans are for the refinancing of existing LIHTC developments and typically funded within 90 days of approval and commitment of the MLP Loan. If the mortgage being refinanced was not an OHFA MLP loan, then the new loan should mature within the property's extended use period. If the loan being refinanced was an OHFA MLP loan, greater flexibility in terms is available to ensure the ultimate repayment of the MLP funds. However, certain funding sources and Housing Finance Agency (HFA) Risk-Share may not be available if a property is not subject to affordability restrictions for the entire term of the loan. Risk-Share MLP loans for existing properties must result in the preservation of affordable housing for a period of at least 20 years, regardless of whether the loan is prepaid.

Ineligible Properties and Program Combinations

An MLP loan is ineligible to be coupled with the Housing Development Gap Financing (HDGF) program. If an MLP is used in conjunction with housing credits and the Housing Development Loan (HDL) program, the only acceptable source of collateral for the HDL after construction is Qualified Investor Notes. MLP Loans cannot be provided for lease purchase developments or affordable assisted living (AAL) developments.

C. FHA RISK-SHARE PROGRAM

OHFA is a participant in the Section 542(c) Housing Finance Agency (HFA) Risk-Share program that provides credit enhancement from the Federal Housing Administration (FHA) Most New LIHTC and Existing LIHTC MLP loans will be part of the Risk-Share program for which borrowers are required to pay mortgage insurance premiums (MIP) (currently 0.25% per annum of the loan balance but subject to change by HUD) The first year's MIP is funded at closing, and then monthly escrow payments calculated based upon the average loan balance over the ensuing 12 months are made with the regular loan payments to fund MIP for the following years.

A Part 58 or Part 50 Environmental Review (ER) is required for all Risk-Share MLP loans. Part 50 ERs are performed directly by HUD, whereas Part 58 ERs are performed by a Responsible Entity (RE). The Ohio Department of Development acts as the RE for OHFA, and frequently works together with other REs, such as municipalities or housing authorities administering HUD funds. Borrowers must ensure that HUD or the RE conducting a Part 50 or Part 58 ER, in connection with other federal funds, includes Section 542(c) HFA Risk-Share as a source of funds.

Each borrower party, including the general contractor and managing agent, must also complete HUD Form 2530 Previous Participation Certification. The 2530 process should also be initiated early. If the process identifies issues requiring clearance, they do not need to be cleared before OHFA applies to HUD for Risk-Share. However, they do need to be cleared before HUD will issue a firm approval letter for Risk-Share.

OHFA submits a Risk-Share application to HUD after

- underwriting is completed,
- the rate is locked,
- 2530's are initiated, and
- the ER is completed. (Including publication and review period for Part 58.)

Typically, the Risk-Share application is submitted immediately after OHFA Board approval, but it can be submitted earlier. If the package is complete, all ER and 2530 issues are clear, HUD typically issues a Firm Approval Letter (FAL) in less than 60 days. Construction cannot commence until the FAL is issued and executed by the borrower and OHFA. Construction must commence within a year of issuance of the FAL.

The Risk-Share program enhances OHFA's ability to sell MLP loans in a securitization to replenish funds to be used for future MLP loans. OHFA may waive the requirement to participate in the HFA Risk-Share program for certain MLP loans, such as smaller loans that do not need to go through a Part 58 or 50 ER due to other funding sources. Such waivers are at OHFA's sole discretion and subject to Board approval for each MLP loan.

D. PROGRAM DETAILS

LENDING LIMITS

- MLP borrowers (i.e., developers or close affiliates of the general partners of individual borrowing entities) are subject to an annual limit of three loans or \$12 million per fiscal year unless waived by OHFA's Board. Annual limits are based on loan approvals by OHFA's Board and commitments, not funding, as funding occurs when a property is ready after completion and lease-up. Borrowers with more than \$25 million in MLP loan balances and committed MLP loans will be subject to an additional review of portfolio performance by OHFA to assess the level of exposure risk.
- The maximum MLP loan amount is \$6 million. Contingent on approval by the OHFA Board, exceptions may be permitted based on a lack of effective alternative loan availability in the open market.

INTEREST RATES, LOAN FEES, AND TERMS

New LIHTC MLP Loans

Interest rate: Prior to construction, OHFA commits to the interest rate approved by OHFA's Board as part of the full-loan approval. The rate is set forth in a commitment letter and remains fixed through the construction period so long as the following conditions are met:

- A. The commitment letter is signed, and all fees are paid by the developer within 45 days.
- B. Project construction commences within nine months of the approval.
- C. The loan is funded within 30 months of the issuance of the commitment.

Contact the MLP manager and/or development analyst for current interest rates. The interest rate for Risk-Share loans will typically be 0.25% less than it is for loans without Risk-Share allowing the 0.25% MIP to not increase the borrowing cost.

Application fee: OHFA charges no fees for review of any initial MLP loan request. To lock-in the interest rate, a \$7,000 final application review fee will be assessed to the applicant. Applicant is responsible for costs associated with any additionally required third-party reports. In the event the project does not receive OHFA Board approval, the application fee will be reimbursed.

Commitment fee: Within 45 days of OHFA Board approval, a commitment fee is due with acceptance of a loan commitment. The fee depends upon the size of the loan according to the following schedule for non-Risk-Share loans:

- 1.5% of loan amounts up to \$1 million
- The greater of \$15,000 or 1.25% of loan amounts between \$1 million and \$2.5 million
- The greater of \$31,250 or 1% of loan amounts more than \$2.5 million
- Loans using HFA Risk-Share will receive a 0.1% discount on a commitment fee (e.g., 1.4% fee for a \$1 million loan; greater of \$14,000 or 1.15% for a loan between \$1 million and \$2.5 million).

Legal fee: OHFA uses in-house counsel and does not currently charge a legal fee to lenders. Borrowers are responsible for the cost of their own counsel and providing OHFA with a Lender's Title Insurance Policy.

Forward Rate Lock and Extension: The standard commitment locks a rate for up to 30 months from the date of the OHFA Board's approval. If needed, one six-month extension is available, but OHFA may charge an extension fee of up to 0.5% of a loan amount if rates have gone down since a commitment.

The interest rate is not officially locked until the application fee has been paid no more than 90 days prior to Board approval. Borrowers who wish to lock a rate at application, instead of at Board approval, may do so by paying a 0.25% non-refundable early rate-lock fee for each three month period a rate is locked early. Payment of a 0.5% early rate-lock fee will maintain a rate up to nine months (consisting of two three-month periods plus the standard three months with a paid application fee). If rates decline between the time of application with payment of an early rate-lock fee and up to 90 days prior to Board approval, then borrowers will still have the opportunity to reset at a lower rate, but they will not be entitled to a refund of an early rate-lock fee.

Term and Use Restriction Period: A 17-year term is typical for New LIHTC MLP loans but up to 30 years may be available. (The term for new LIHTC MLP loans may not exceed the LIHTC 30-year restricted use period.)

Amortization Period: 30 years is standard, but up to 40 years is available if needed. Properties with tax abatements typically have a two-tranche loan structure with the B-tranche fully amortized by the time the tax abatements expire.

Loan-to-Value (LTV) ratio: The maximum is 85% based on OHFA's evaluation of risk and collateral.

Debt Coverage Ratio (DCR): The pro forma must support a minimum DCR of 1.20 for the first stabilized year of operations. The project must maintain an average DCR no lower than 1.10 during the entire term and remain above 1.05 in each of the first 15 years.

All New LIHTC MLP loan debt must be in first lien position for real estate, personal property, and rents. These loans will be non-recourse.

Existing LIHTC MLP Loans

Interest rate: Interest rates for Existing LIHTC MLP loans vary depending upon the term of a loan, the term of a commitment, the risk level of the loan, and the reason for refinancing. Interest rates may be locked at the time of an application and the payment of an application fee under the assumption that a loan will receive OHFA Board approval within 90 days of application and close within 60 days after Board approval.

Application fee: OHFA charges no fees for review of any initial MLP loan request. If the applicant accepts a term sheet issued by OHFA, a \$7,000 application fee is due with the executed term sheet to begin the underwriting process and lock in the interest rate. The applicant is responsible for costs associated with any additionally required third-party reports, including an appraisal ordered by OHFA and a physical needs assessment. OHFA may require a deposit for the cost of these reports at application. In the event a housing development does not receive OHFA Board approval, the application fee will be reimbursed.

Commitment fee: Within 45 days of OHFA Board approval, a commitment fee is due with acceptance of a loan commitment. The fee depends upon the size of a loan according to the following schedule for non-Risk-Share loans:

- 1.5% of loan amounts up to \$1 million
- The greater of \$15,000 or 1.25% of loan amounts between \$1 million and \$2.5 million
- The greater of \$31,250 or 1% of loan amounts more than \$2.5 million

Term and use restriction period: Loan term lengths will be evaluated on a case-by-case basis. For loans refinancing a non-OHFA loan, the term cannot exceed the remaining length of the combined compliance/extended use periods. For example, if a housing development was in year 14 of its compliance period when it's refinanced, then its MLP loan term cannot exceed 16 years.

Amortization period: This timeframe will be negotiated on a case-by-case basis.

Loan-to-Value (LTV) ratio: The maximum is 80% based on OHFA's evaluation of risk and collateral. Exceptions may be permitted for properties that have more than 10 years left in their initial tax-credit compliance period, contingent on approval by OHFA's Board.

Debt Coverage Ratio (DCR): The property operations and first-year pro forma must support a minimum DCR of 1.25 if the property is over 5 years old, or 1.20 if it has more than 10 years left in its initial tax-credit compliance period.

E. CONDITIONS FOR ALL MLP LOANS

Prepayment penalty: MLP loans are ineligible for prepayment during the first three years following the date of closing. After that, MLP loans prepaid prior to the maturity date may be assessed a prepayment penalty of 2% of the remaining principal balance of the loan. MLP loans prepaid between zero and 48 months prior to the maturity date will not be assessed a prepayment penalty nor will any loan have a prepayment penalty after the 15th loan year. These terms may be negotiable for Existing LIHTC MLP loans depending upon the reason for a refinance.

Recourse debt: All recourse loans (typically only Existing LIHTC loans on properties where the tax credits have been fully earned) will require a corporate or personal guarantee and possibly other collateral satisfactory to OHFA. OHFA's review of a guarantor's financial statements and federal tax returns must show evidence of ample capacity to support potential repayment of the debt.

F. COMPLIANCE WITH OHFA PROGRAMS

Projects must comply with all OHFA guidelines, including the current [OHFA Multifamily Rental Underwriting Guidelines](#), as well as all applicable [OHFA Program Compliance](#) and [MLP Asset Management](#) policies.

G. LOAN SERVICING/ASSET MANAGEMENT

Monthly principal and interest payments must be paid by check or electronically through the Automated Clearing House (ACH) in the manner set forth in the MLP loan documents. Additionally, borrowers may authorize OHFA to automatically pull payments by ACH from their accounts.

The property owners/managers are responsible for the timely payment of real estate tax and insurance payments. OHFA's asset management team may request supporting documentation to show evidence that all required payments are current.

Borrowers must establish a replacement reserve escrow account separate from other accounts. OHFA's asset management team reserves the right to approve any replacement reserve disbursement requests.

OHFA does not use escrow for taxes, insurance premiums, or replacement reserves; however OHFA retains the right to do so under the loan document.

Upon proper notice, OHFA has the right to inspect a property to ensure the collateral is being maintained well.

Borrowers must submit quarterly operating statements with rent rolls as well as annual audited financial statements. For properties beyond the initial 15-year LIHTC restrictive covenant, a waiver of the annual audit requirement may be considered by OHFA.

H. MLP UNDERWRITING GUIDANCE

OHFA will review applicants' prior experience with OHFA programs and will take into consideration their historical track record, ability to meet commitments and deadlines, professional integrity and dedication, and willingness to proactively communicate to address issues in a timely manner with OHFA.

OHFA will review applicants' audited/reviewed financial statements and federal tax returns to assess their financial capacity to provide additional support to a property. Additionally, OHFA may request a detailed schedule of Real Estate Owned (REO), order commercial credit reports, and conduct public record searches to identify any potential issues that may reflect on the capacity or character of the organization(s) involved.

OHFA will analyze the housing development's Capital Needs Assessment for existing buildings to ensure the development's reserve accounts are appropriately capitalized to support the property during the loan term. All critical repairs identified must be remedied to OHFA's satisfaction prior to closing on the MLP loan.

OHFA may use several different methods to derive the underwritten operating expense estimate: historical expenses detailed in the property's financial statements, actual expenses from other similar properties in the applicants' portfolio, OHFA Operating Survey data from similar properties in the same geographic area, energy modeling estimates, and more.

For New LIHTC MLP loans, OHFA uses the construction lender's as-complete appraisal as a benchmark to arrive at its own conservative estimate of the value of the property. For the purposes of establishing the LTV ratio, OHFA will underwrite to the achievable LIHTC/HDAP or as-restricted rents but may use Housing Assistance Payment Contract (HAP contract) rents, if applicable. If appropriate due to an overheated market, OHFA may underwrite to a higher capitalization rate (cap rate) than shown in the appraisal to account for greater perceived market risk. The risk associated with a higher LTV ratio may be mitigated by reducing the loan to an appropriate amount that drives a higher DCR than required in the minimum program standards. OHFA will also consider the overall loan-to-cost ratio, which is typically below 50% for New LIHTC MLP loans.

Terminal analysis: To estimate the future value of a property, OHFA computes the property's net operating income (NOI) from the last year of the loan term divided by the terminal cap rate, which will be 50 basis points above the overall cap rate to account for the greater risk involved with a property at the time of refinancing due to unknown factors in the market and the condition of the property.

Breakeven analysis: OHFA calculates a breakeven analysis to estimate a property's minimum occupancy percentage required to cover the costs of all operating expenses and hard debt service.

OHFA may revise the terminal and LTV valuation methodologies as the Agency deems appropriate at any time.

I. APPLICATION PROCESS AND REQUIRED SUPPORTING DOCUMENTATION

New LIHTC MLP Loan Application

Potential borrowers may indicate their interest in using the MLP loan by listing it in the Permanent Funding Sources section of the Affordable Housing Finance Application (AHFA) when applying for LIHTC. Borrowers should contact their OHFA Housing Grant analyst or the MLP manager for an interest rate indication, which will typically be quoted as a spread over the yield on a 10-year Treasury Note. After an MLP loan is indicated in the AHFA as the desired permanent loan, OHFA will review the information available in the AHFA, contact the borrowers for a discussion, and issue a nonbinding term sheet. The term sheet will indicate the primary loan terms and seeking borrowers' signatures as evidence of borrowers' desire to proceed to a full loan application. After the term sheet is signed, OHFA will provide an underwriting checklist requesting additional documentation.

Upon completion of the underwriting and payment of the application fee, OHFA will fix the rate as detailed above in the [Interest Rate, Loan Fees, and Terms Section](#). After OHFA Board approval, a binding commitment is issued conditioned upon certain events, such as HUD approval of Risk-Sharing (if applicable), completion of construction, and lease-up of the property, and any appropriate related property-specific items, such as confirmation of receipt of an expected real estate tax abatement.

Borrowers will keep OHFA informed of construction progress and the anticipated timing of the need for MLP funding. At least 60 days prior to the anticipated funding date, OHFA will issue a closing checklist. Information will be collected to confirm conditions in the commitment, and documents will be drafted and circulated.

Existing LIHTC MLP Loans

Applicants requesting refinancing should submit their current budgets, rent rolls, prior two-year's financial statements, and trailing 12-month operating statements. These documents allow OHFA to prepare a preliminary analysis and loan sizing. Upon analysis, OHFA will issue a term sheet setting forth the proposed loan amount, terms, and up-front fees. Fees typically include the \$7,000 application fee and a deposit to pay for third-party reports, such as an appraisal. Once the term sheet is accepted, the full underwriting process begins and the application proceeds in a manner similar to that of New LIHTC MLP loans without the construction period.

All Loans

OHFA will accept an appraisal (dated within six months) commissioned by the applicants' construction lender. The appraisal must conform to the appraisal requirements as shown in the most current [Multifamily Rental Underwriting Guidelines](#). In addition, the appraisals for all housing developments must include an as-completed and stabilized valuation for restricted and unrestricted rents (using all three valuation approaches unless the appraiser can provide explanation as to why an omitted approach is not relevant). If using the discounted cash flow model under the income approach to valuation, the appraiser must assume a 2% income/3% expense escalation and a vacancy allowance of no less than 5%. Favorable financing and housing tax credits must not be considered in determining a cap rate.

Market studies must meet the market study standards identified in the most current Multifamily Rental Underwriting Guidelines.

Capital Needs Assessments (CNA) for existing properties only must be completed in accordance with OHFA's most current Multifamily Rental Underwriting Guidelines. CNA must include immediate repairs and replacement reserves/ongoing physical needs tables that must identify all immediate repairs as occurring in Year 0 and project a minimum 15-year term. For MLP loan terms that exceed 10 years, OHFA will require a second CNA to be provided during Year 10.

Application Submission Disclaimer

All preapplication, proposal application, and final application materials submitted become property of OHFA and shall be public information unless a statutory exception exists, which would thereby determine that such information cannot be released to the public. If the applicant have information in the preapplication or final application that they believe has a good faith legal basis for an exemption to public records laws, the applicant must identify each and every occurrence of the information in the proposal on a separate page titled "Exemptions to the Public Records Law" and clearly label the material as such. OHFA may publicly post materials received.

J. MODIFICATION AND INTERPRETATION

OHFA's actions, determinations, decisions, or other rulings pursuant to these Guidelines are not a representation or warranty by OHFA as to a development's compliance with applicable legal requirements, the feasibility or viability of any development, or of any other matter whatsoever. At all times, each MLP borrower is responsible for ensuring its compliance with applicable federal, state, and local laws and regulations. The Guidelines are subject to modification pending developments in federal, state, and OHFA policy, and will be deemed automatically amended to conform with changes in laws and policy without the necessity for written amendment.

OHFA makes no representation that underwriting or funding decisions from a prior year will be determinative in future application rounds. Identical year-over-year submissions may receive differing treatment, with or without notice to an applicant, due to new insights gained during prior review periods, shifts in policy, the need for consistent in-year interpretation, increased applicant competition, or any other reason OHFA deems necessary. OHFA will clarify and issue responses to commonly posed questions regarding the Guidelines through a Frequently Asked Questions (FAQs) document that will be posted on OHFA's website. The FAQs, as well as the OHFA Multifamily Rental Underwriting Guidelines, and AHFA are specifically incorporated herein and binding on all applicants. Notwithstanding the foregoing, errors and omissions in the AHFA are not binding on OHFA and do not modify the Guidelines.

The allocation of MLP is made at the sole discretion of OHFA. OHFA will resolve all conflicts, inconsistencies, or ambiguities, if any, in these Guidelines or which may arise in administering, operating, or managing the reservation and allocation of MLP. This includes the interpretation of requirements and guidelines and the determination of a development meeting the intent of those requirements and guidelines. OHFA may modify or waive, on a case-by-case basis, any provision of these Guidelines that is not required by law. All such modifications or waivers are subject to written approval by the OHFA's Executive Director, Senior Director of Housing Programs, or Director of Multifamily Housing.