

Community Associations – including condominium and homeowners associations – need access to capital to pay for large-scale repair projects whether it is replacing a roof, installing a new HVAC system or renovating common areas. Instead of burdening unit owners with hefty special assessments or depleting reserve funds, spreading the cost of a project over time through a loan with NCB may make the most sense.

Loan Products

- ▶ Term loans
- ▶ Lines of credit up to five years

Loan Terms

- ▶ Up to a 10-year term with amortization self liquidating based upon the term. The term can include an initial line of credit drawn down period of up to 12 months.

Interest Rates

- ▶ **For term loans**, the rate may be fixed for three, five or seven year periods based upon the term. The interest rate will be equal to the sum of the yield for applicable U.S. Treasury Securities with a three, five, or seven year maturity plus a market spread.
- ▶ **For the line of credit**, the rate will adjust monthly at either the Prime Rate of interest (“PRIME”) or the London Interbank Offering Rate (“LIBOR”) plus a market spread.

General Underwriting Guidelines

The following are general underwriting guidelines that NCB will utilize to evaluate your community association for financing:

- ▶ Minimum Loan Amount = \$100,000
- ▶ Association legal documents should not restrict the Board of Directors from pledging the association annual assessment income as collateral for a loan.
- ▶ Membership assessment delinquencies of 30 days or more must not exceed five percent (5%) of the budgeted gross annual income of the association.
- ▶ Replacement reserves must be equal to or greater than ten percent (10%) of the budgeted gross annual income of the association.
- ▶ For associations located in areas prone to earthquakes or within specific flood zones, relevant insurance coverage may be required.

Borrower Paid Fees and Expenses

- ▶ Application fee equal to NCB underwriting costs
- ▶ Closing expenses
- ▶ Reasonable and customary expenses

For immediate consideration, complete NCB’s prequalification worksheet and attach the association’s current budget and last year’s financial statement.

CONTACT US

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