

## Board Action: Amendment of the CLIMBER Products Policies and Procedures with Respect to Refinancing of Lines of Credit

### Background:

The Board-adopted 'CLIMBER Products' includes policies and procedures for the financial products for the CLIMBER program. The Board is amending a part of the policy as it relates to the refinancing of lines of credit where the CLIMBER lender is not the same as the lender for the original line of credit.

### Board Action:

The Board amends the policy as follows (except for track changes, language below is from the current adopted Board policy):

- 1) CLIMBER Loans can be used for refinancing per the following terms
  - a) The debt being refinanced must be incurred on or after July 1, 2019.
  - b) Any refinanced loans including both new and existing debt must be pari passu with regard to security (e.g., collateral and guarantees) held by the original, refinanced debt. Except that LOCs that are refinanced by a lender that is not the lender on the original loan may not conform to the security pari passu requirement.
  - c) Lines of credit (LOC) are a unique case and those that meet a) and b) above but not d) below can be refinanced by taking the unpaid balance and turning it into a CLIMBER Term Loan
    - i) The bank must also maintain a LOC with the borrower with at least the amount of the original line of credit that was refinanced as a term loan or at 80% of the full original amount of the LOC whichever is larger.
    - ii) All three product types (direct lending capital, loan participations and credit enhancement) can be used for the refinancing of a LOC into a term loan.
    - iii) The lender cannot charge fees for re-establishing the new LOC after an existing LOC was refinanced into a CLIMBER Loan

### Rationale:

In the course of implementation planning, CHFA identified an issue in the case where a new CLIMBER lender is refinancing a line of credit that was originated from another lender. In that circumstance, the CLIMBER lender would not be able to take pari passu collateral with the original lender.

### Conforming Amendments:

The Board instructs staff to make the conforming amendment to the 'CLIMBER Products' policy document.