The Agency for Co-operative Housing
L'Agence des coopératives d'habitation

Guide to Private Financing for Agency Clients

November 2018

Vancouver | Calgary | Toronto | Ottawa

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Overview

All housing co-ops overseen by the Agency were developed through federal housing programs under the *National Housing Act*. All of them signed operating agreements, which are long-running legal contracts between the co-op and CMHC. These agreements say that a co-op may not take out additional financing for (i.e., further encumber) any part of its property without the prior written approval of CMHC, while its operating agreement is still in effect.[1]

- Co-ops with current operating agreements that have to pay for capital repairs, pay off existing debts, or both, need CMHC's permission before getting more mortgage financing.

- With CMHC's permission, these co-ops can borrow, remain in compliance with their operating agreement and continue to benefit from on-going federal subsidies and first-mortgage lending rates. If a co-op has a forgivable loan through CMHC's retrofit program, the loan remains in good standing.

- To be approved for additional financing or refinancing a co-op needs to be in full compliance with its CMHC operating agreement. It must also meet the new lender's risk requirements.

- A co-op that has had its operating agreement extended by CMHC does not need CMHC's approval to refinance or further encumber its property unless it still has a mortgage with CMHC.

Forms of Additional Financing

When a co-op needs major capital repairs and doesn't have the cash in its capital reserve to pay for them, it may need a new loan. Here are some options.

Refinancing the First Mortgage

A co-op may consider a new private loan that will pay out the remaining principal of its first mortgage and provide additional money to cover the capital cost of repairing its buildings. In this case, the co-op will still have only one mortgage, but it will no longer be held by CMHC.

Second Mortgage from a Private Lender

If a co-op is seeking financing for capital repairs, a second mortgage from a private lender is an option. A co-op will not be able to take out a new loan, in addition to its original first mortgage, unless it can meet the criteria of the lender.

1. A co-op that has had its operating agreement extended by CMHC does not require CMHC's approval to refinance or further encumber the property, unless it still has a mortgage with CMHC.

Where to Get Help

These transactions can be very complex; you will likely need professional help with your application. If you are considering refinancing your first mortgage or acquiring a second mortgage,

- co-ops outside of B.C. and Quebec should contact **CHF Canada** for information on its Refinancing and Asset Management Planning programs. Other sector groups may also be able to assist you;

- co-ops in B.C. should contact **CHF BC** for refinancing assistance and asset-management planning services;

- other service providers may also be able to help you with refinancing;

- all Agency clients can call their relationship manager for advice and assistance.

Approaching a Lender

A loan application usually includes

- audited financial statements from the last three years
- a copy of your operating agreement
- the reason for the loan (which they call "the basis for borrowing") and the amount to be borrowed; often the reason is capital repairs
- your most recent property tax assessment
- a copy of the co-op's insurance policy, which must be less than one year old)
- your co-op's Articles of Incorporation
- a financial analysis, including
  - a cash-flow projection
  - a loan-to-value ratio analysis (see definition below)
  - a debt-coverage ratio analysis (see definition below)
  - a plan that shows how you will be able to pay from your capital reserves for any additional repairs needed.

Loan-to-value ratio: This is a comparison of all your co-op's loans against the value of its property. Lenders usually insist that what you owe (including the proposed new loan) be no more than 75 per cent of the value of your property. Some lenders are even more conservative.

Debt-coverage ratio: This is a comparison of the total annual principal and interest payments on all your loans (including the proposed new loan) as against your net operating income. Lenders usually require your net operating income to be at least 1.2 times your total principal and interest payments.

See Appendix C for more information on the loan-to-value ratio and the debt-coverage ratio.

Your co-op will need a building condition assessment (BCA), a market value appraisal, and usually a market rent study and other technical reports. CMHC and the lender will insist on a professional Building Condition Assessment (BCA) less than three years old.

In B.C., rather than undertaking an entirely new BCA, you may be able to have your building condition assessment updated, with the additional information being covered in a BECA. The BECA (Building Envelope Condition Assessment) evaluates the condition of the building's exterior components including roofs, exterior walls, doors, windows, balconies and water proofing membranes. A BECA is typically an invasive review that identifies any building-envelope failures and estimates replacement and repair costs over the short and medium term.

See *Appendix A* for more information on standard lender requirements for mortgage applications.

Note: If you are considering refinancing your first mortgage or getting a second mortgage, CHF Canada, CHF BC and other service providers are ready to assist your co-op.

Getting CMHC Approval

You can speed up the Agency's review and CMHC's approval process by ensuring that the Agency has a copy of your capital plan and your BCA/reserve-fund study on file. If you send your BCA to your relationship manager as soon as you're presented with the draft, they can help catch any missing or unnecessary items early on.

Your capital plan or asset management plan must

- be based on a BCA that is less than three years old, meets the ASTM Standard E2018-15, and is accompanied by a BECA if the BCA recommends one because your co-op is at risk of building envelope failure.

- provide the rationale for any variances from the expenditure projections in the BCA including any revised cost estimates, items removed or added or items moved to a different year.

- include assumptions for project-management fees, taxes, contingency allowances and inflation

- show an injection of funds taken from the proposed refinancing. This injection of funds must be consistent with the amount in the commitment letter from your lender, less the amount required to pay out existing debt

- show annual contributions, expenses and reserve fund balances for a 20-year period with a positive cash flow throughout.

When your loan-application package is complete and approved by your new lender, either have your service provider send it or send it to your relationship manager yourself. The Agency will review the package and forward it to CMHC with a recommendation concerning approval. Once your financing is in place, the Agency provides final approval of your capital plan, along with your co-op's annual capital replacement reserve contributions.

A checklist of CMHC's required documents is attached as *Appendix B.* During the review you may be asked for clarification to ensure that the materials meet CMHC's refinancing requirements.

Experience shows that the time needed to review, approve and secure a new loan varies, **but can be as long as three months from the submission of a complete proposal to the planned closing date**.

See Appendix C for definitions of terms often used in the financing process.

Appendix D lists the final steps for a co-op when CMHC has agreed to let it refinance its first mortgage.

Agency Contact Information

TOLL-FREE TEL 1.866.660.3140

Burnaby	**Calgary**	**Toronto**	**Ottawa**
4190 route Lougheed Hw	7015 MacLeod Trail SW	160 rue John Street	190 rue O'Connor Street
Suite/bureau 207	Suite/bureau 604	Suite/bureau 402	Suite/bureau 600
Burnaby, BC	Calgary, AB	Toronto, ON	Ottawa, ON
V5C 6A8	T2H 2K6	M5V 2E5	K2P 2R3

Appendix A

Lender Requirements for Mortgage Applications

The lender wants to be clear about what the mortgage is for. You will need a brief description of the work to be done, why it is needed and how it will extend the life of the building(s). Include a description of the co-op, including size, unit types, number of members and location.

The lender then evaluates the application by looking at what are often called the 5 Cs. These are

1. Character

This refers to your governance and management. Is the co-op in good standing with its provincial filings and with the CMHC operating agreement? Is it well run? For example, the lender will want to know about arrears, vacancies and perhaps level of turnover. Who are its directors? Does the co-op have appropriate policies in place? If the co-op is active in its neighbourhood or community, this can also be used to evaluate character.

2. Collateral

This refers to security for the loan. The collateral will be a mortgage on your property and likely an assignment of rents.

- The lender will want to see that the co-op is taking care of the building(s) and will continue to do so, since the property is the security for the loan. This is why you need a current—less than three years old—Building Condition Assessment.

- An approved capital-replacement plan, based on a building condition assessment, tells the lender that the co-op will remain in good repair after the loan-funded work is done

- You also need the current market value of the property. An independent appraisal from a firm approved by your new lender generally provides this information. It can estimate the dollar value of the property "as is" and also after the repairs have been done ("as completed"). To prepare an appraisal "as completed," the appraiser and the lender need documentation of the repairs the loan funds will pay for.

- These numbers are used to calculate the "loan to value" (LTV) ratio. For a refinancing, lenders usually want an LTV of 75 per cent or less.

3. Capacity

This refers to the co-op's ability to repay the mortgage over the useful life of the property.

- The lender will want to see the last three year's audited financial statements, as well as a budget for the next year.

- Lenders need to know that the co-op has been earning a net surplus big enough to cover the new mortgage payments, while leaving a cushion. This is referred to as the debt-service or debt-coverage ratio (DSR or DCR). Although not all lenders require a DCR of at least 1.2, CMHC's approval criteria calls for a DCR of at least 1.2 times the amount of the principal and interest for all the co-op's loans. The 1.2 DCR applies to the surplus *after* allocations to a capital replacement reserve fund and any other funds the co-op maintains (e.g., a subsidy reserve).

- The lender will want to see cash-flow projections, which will show how much revenue your co-op expects to earn and how much cash is already committed to mandatory payments.

4. Conditions

This refers to market conditions.

- Lenders will want to know how your co-op's vacancy rates compare with local market vacancy rates.

- Lenders want to see that your co-op knows its market area. If your vacancy rates are higher than usual, they will expect to hear how you are addressing the issue.

- The lender will also want to know how your housing charges compare to market. This will show how much room your co-op has to earn more income in the future through higher charges.

- The lender will consider the possibility of an increase in interest rates and how that might affect your co-op's ability to make the mortgage payments at renewal.

5. Capital

This refers to your co-op's net worth (its reserves and its equity in the property). The lender will want to be satisfied that the co-op has enough in its capital reserves to cover extra capital repairs that may surface over the next ten years or so.

When a mortgage is for capital repairs, the lender will want to ensure that all funds being advanced are spent on repairing the buildings and units in the ways agreed on. Mortgage funds can go to the co-op either as a construction mortgage (also called "progressive" or "progress advance loan"), or as a lump sum. There are pros and cons to each.

With a **construction mortgage**, the loan is provided as needed for each step of the construction.

PROS

- The co-op pays interest only on money that has already been advanced, not on the full loan amount.
- The blended payment of mortgage principal and interest doesn't begin until construction is complete.
- There is a clear construction schedule prepared in advance.

CONS

- The interest rate you pay during construction is often higher than the final rate, which is not set until construction is complete.
- The lender will want the construction schedule to be reasonably short, usually six to 12 months.
- The lender will want a professional to inspect the progress of construction prior to each advance, which can add costs.

With a **lump-sum advance**, the full mortgage amount is advanced and held in trust. The co-op submits invoices (or other documentation) to the lender for release of the funds.

PROS

- It is easier to administer.
- The final interest rate is set at the start.
- There is no limit on how long the construction will take (other than cost to the co-op).

CONS

- You pay interest on the full amount of the loan right from the start.
- The blended monthly repayment of principal and interest begins right away.

Appendix B

Checklist for Private Financing Submissions to CMHC

A. Supporting Documentation

You need the following documents to make a complete submission to CMHC in support of private financing. Please note: as indicated, some checklist items apply only to co-ops looking for a second mortgage, others only to those that are refinancing a first mortgage.

REQUIRED DETAILS		**Included?**
REFINANCING FIRST MORTGAGE	**SECOND MORTGAGE**	
A current Building Condition Assessment (BCA) prepared by a person with a building-sciences designation or in certain circumstance a recent BECA that updates the BCA.		
The BCA includes a reserve fund study. We recommend that before sending your loan request, you send the Agency a capital plan or asset management plan based on your BCA and Reserve Fund Study. Your capital plan or Asset Management Plan must ▪ be based on a BCA that is less than three years old, meets the ASTM Standard E2018-15, and is accompanied by a BECA if the BCA recommends one because your co-op is at risk of building envelope failure ▪ provide the rationale for any variances from the expenditure projections in the BCA including any revised cost estimates, items removed or added or items moved to a different year ▪ include assumptions for project management fees, taxes, contingency allowances and inflation ▪ show an injection of funds taken from the proposed refinancing. This injection of funds must be consistent with the amount in the commitment letter from your lender, less the amount required to pay out existing debt ▪ show annual contributions, expenses and reserve fund balances for a 20-year period with a positive cash flow throughout.		
A property valuation in the form of a market-value appraisal including ▪ a statement of the remaining useful economic life of the building(s) and ▪ a market-rent analysis	**If the most recent municipal property-tax assessment shows that the total of existing and new loans, including any retrofit loans, is *up to 50 per cent* of the assessed value:** ▪ a copy of the most recent	

<table>
<tr><th colspan="2">REQUIRED DETAILS</th><th rowspan="2">Included?</th></tr>
<tr><th>REFINANCING FIRST MORTGAGE</th><th>SECOND MORTGAGE</th></tr>
<tr><td></td><td>municipal property tax assessment

▪ a market-rent study and

▪ a statement that the remaining useful life of the building(s) is greater than the amortization period of the new loan. (This is available from the Agency’s Manager, Technical Services.)</td><td></td></tr>
<tr><td></td><td>If the most recent municipal property tax assessment shows that the total of existing and new loans, including any retrofit loans, is greater than 50 per cent of the assessed value, or if the co-op is on leased land:

▪ a property valuation in the form of a market-value appraisal, including
o a statement of the remaining useful economic life of the building(s), and
o a market-rent analysis.</td><td></td></tr>
<tr><td colspan="2">If the co-op is on leased land:

a copy of the lease, showing that the term of the lease extends five years beyond the amortization of all financing</td><td></td></tr>
<tr><td colspan="2">Any other professional studies that may be required by a lender, such as an environmental site-assessment</td><td></td></tr>
<tr><td colspan="2">A commitment letter from the private lender</td><td></td></tr>
<tr><td colspan="2">Agency confirmation that the co-op is in compliance with its operating agreement.</td><td></td></tr>
</table>

B. Cash Flow

Your cash flow must include the following:

REQUIRED DETAILS		
REFINANCING FIRST MORTGAGE	**SECOND MORTGAGE**	**Completed?**
Operating projections, including ▪ the last audited year's results, and ▪ the current year's budget Projections must extend for at least 10 years or to the year after the co-op's operating agreement expires, whichever is greater.		
Projections show that the co-op meets the DCR (DSR) required in the lender's term sheet and the established CMHC DCR standard (1.2 times debt service after allocations to the capital replacement reserve).		
A projection of capital reserve balances to the end of the operating agreement or for 10 years, whichever is greater, showing ▪ the co-op's opening balance in the replacement reserve ▪ annual contributions, including investment returns ▪ the amount borrowed to complete the capital repairs you need ▪ annual spending, and ▪ annual closing balances, which must be greater than zero. This information is taken from the capital plan.		
Calculation of principal and interest payments under the terms of the new loan **If renewals occur within the span of the projections**, they are based on an interest rate equal to the rate for a five-year closed mortgage, taken from the most recent CMHC survey of closed mortgage rates, plus two per cent.		
Cash flow shows a minimum DCR of 1.2 for the years included in the cash flow.		

<table>
<tr><th colspan="2">REQUIRED DETAILS</th><th rowspan="2">Completed?</th></tr>
<tr><th>REFINANCING FIRST MORTGAGE</th><th>SECOND MORTGAGE</th></tr>
<tr><td colspan="2"></td><td></td></tr>
<tr><td colspan="2">The cash flow described above shows that any CMHC subsidy ends with the operating agreement.</td><td></td></tr>
<tr><td colspan="2">A table showing the co-op’s housing charges compared to market

Annual changes to Gross Potential Housing Charge revenue, shown as percentages in the operating projections</td><td></td></tr>
<tr><td>A calculation of the outstanding balance of the first mortgage to be prepaid

The estimate includes the calculation of all interest due on the loan to the date of the next renewal (or expiry, if less than five years remains on the first mortgage), as well as the outstanding principal balance at the proposed time of prepayment.</td><td></td><td></td></tr>
<tr><td colspan="2">A detailed breakdown of the amounts in the new refinancing, including

▪ how much you need to prepay the existing first mortgage (if applicable)

▪ how much you need for capital repairs

▪ how much you will pay to the sector organization or consultant supporting your refinancing (if applicable)

▪ how much the lender charges and an estimate of legal costs to close the loan.</td><td></td></tr>
</table>

C. Narrative

Your narrative will need to include all of the elements listed below:

REQUIRED DETAILS		Included?
REFINANCING FIRST MORTGAGE	SECOND MORTGAGE	
Executive Summary concisely describing why you need the financing		
Rationale explaining why your co-op could not complete required repairs without the new financing or, in the case of refinancing, under the existing mortgage		
List of capital items to be financed, with cost estimates for each, supported by a Building Condition Assessment that meets the requirements outlined in section A.		
Explanation of cash-flow assumptions, such as estimates of inflation and housing-charge increases		
Evidence that your cash-flow assumptions are reasonable and that your co-op can stay in business		
Details of loan conditions in lender's term sheet		
An assessment of your co-op's management and governance, including information on ▪ current and historical vacancy loss, and ▪ current and historical arrears and bad debts		
Documents that support the loan-to-value ratio		
Evidence that the cash-flow analysis supports the debt-coverage ratio		
Comparison of your co-op's housing charges to established market rents		
A statement of the remaining economic life of the buildings		

Appendix C

Defining the Terms Used by Private Lenders

Amortization Period

From the French word for death (mort), the amortization period is the length of time it will take to "kill" a loan, or rather to repay the loan in full. Most first mortgages for housing co-ops have an amortization period of 35 years.

Term

The term of a loan is the length of time specific conditions apply to the loan: interest rate, payment frequency and the amount of each payment. Typically, first mortgages have a term of five years. After each five-year interval within the 35 year amortization period, the loan is renewed with adjusted conditions.

Market Value Appraisal

This is a professional study completed by a qualified property assessor using a variety of methods to estimate the value of a co-op's property if it were sold on the market today.

BCA

This is the short form for Building Condition Assessment, which is a professional study completed by a person or firm qualified in building science. A BCA is an assessment of all the building components in or on property owned by your co-op. It identifies which building components need work and estimates the cost of that work. Most BCAs include a table showing the future costs of all work required on the various building components listed.

Net Operating Income

Net operating income (also sometimes called NOI) is the difference between the total revenue that a co-op collects and its operating costs. The costs used to calculate NOI *do not include* mortgage or loan payments, but do include contributions to reserve funds.

DCR

DCR is a short form for debt-coverage ratio. Sometimes this is called the debt-service ratio (DSR) or debt-service coverage ratio (DSCR). This refers to the comparison of NOI to annual debt-service costs. Annual debt-service costs are the total principal and interest paid in one year toward a co-op's loan(s). For example:

Total revenue	860,946
Operating expenses (including reserve allocations)	238,744
Net operating income (A)	**622,202**
Debt service on 1st mortgage	423,339
Debt service on 2nd mortgage	134,415
Total debt service (B)	**557,754**
DCR = A divided by B	**1.12**

LTV

LTV is an abbreviation for loan to value. Shown as a percentage, it is the portion of the value of the property that is financed by loans. Lenders use this to determine whether or not they will be able to get their money back if the co-op goes bankrupt.

Every co-op owns buildings, equipment and land (or a lease on its land) that have a resale value. Lenders usually want an appraisal by a professional appraiser they know and trust as part of a new loan application. The lender compares the total loan requested to the market value of the co-op's property. This is the LTV ratio. Lenders generally say that the LTV ratio must be 75 per cent or less.

However, if the total amount the co-op owes on its existing loans, plus the new loan, is less than 50 per cent of the most recent municipal property-tax assessment, that can be used to establish the loan-to-value ratio. In this case, an appraisal may not be needed.

For example:

Estimated property value **(A)**	7,500,000
First mortgage	2,401,614
New loan	1,845,641
Total debt **(B)**	4,247,255
LTV (B divided by A)	**57%**

Statement of Operations

Sometimes called the income statement, this is a document produced monthly and annually that reports on the co-op's surplus or deficit. It shows all income (housing charges, subsidy received and other income) related to the operations of the housing co-op, and all expenses incurred to earn that income.

Cash Flow

The cash flow equals cash receipts minus cash payments over a given period of time. It refers to the flow of cash through the co-op, usually on an annual basis. It includes your cash receipts from all sources less cash payments for operating costs, principal and interest payments, and any capital costs. Lenders will want to see a cash-flow analysis as part of a co-op's loan application.

Balance Sheet

Each account in your bookkeeping system is categorized as an asset, a liability or equity. The relationship between them is expressed in this equation:

Assets (what you own) = Liabilities + Equity (how you paid for what you own).

Sometimes called the Statement of Financial Position, your balance sheet reports your assets, liabilities and equity at a particular point in time.

Term Sheet

Also known as a discussion paper, issued by a lender (bank or credit union), a term sheet outlines the terms and conditions under which the lender will consider a formal credit application from the co-op. It is not a commitment to specific terms, but it provides preliminary information to the co-op about the maximum loan amount, the interest rate and fees, documents it will have to provide and conditions it will have to meet before, during and after receiving the funds.

Commitment Letter

Also known as a credit agreement, issued by a lender (bank or credit union), a commitment letter is a legal agreement between the lender and the co-op. It describes in detail the terms of the new mortgage. When both parties sign it, they are committed to the agreed-upon terms.

Appendix D

Concluding the Refinancing: What happens once refinancing is approved

<table>
<tr><th>Next Steps</th><th>Completed By</th></tr>
<tr><td>Within one week of refinancing approval, CMHC will contact your co-op to confirm its intended Refinancing Date (the payout date for CMHC's loan).

Things to consider:
The Refinancing Date needs to fall on the loan's natural payment date, i.e., the date your co-op makes its mortgage payments to CMHC—usually the first of the month.
CMHC needs at least two weeks' notice of the payout date to produce a payout statement for the new lender.
The co-op's lawyer should confirm the payout date with the new lender and CMHC; otherwise, CMHC may need to re-issue a payout statement, which could delay the closing.
Where the payout date has been confirmed and CMHC has not received payment on the confirmed payout date, late-payment charges will be added to the co-op's loan balance until CMHC receives the payout.</td><td>CMHC,
Co-op and
Co-op's lawyer</td></tr>
<tr><td>CMHC will also ask the co-op to confirm contact information for the new lender.</td><td>CMHC and
Co-op</td></tr>
<tr><td>CMHC tells the new lender it can advance funds on the Refinancing Date.</td><td>CMHC</td></tr>
</table>

Next Steps	**Completed By**
If your co-op has a forgivable loan: ▪ You will be asked to **complete a declaration**. The purpose of the declaration is to confirm that your co-op is meeting the terms of the forgivable loan. If not, you will need to repay the forgivable loan when the refinancing takes place. ▪ If your co-op is meeting the terms, it will normally retain the forgivable loan. In that case, the new lender may want CMHC to postpone the forgivable loan by having the co-op's lawyer prepare a postponement document for CMHC to sign. ▪ CMHC will sign the document and direction for the postponement. Note that CMHC will not postpone its forgivable loan if the loan with the new lender is greater than the approved refinancing amount.	Request from CMHC Co-op's lawyer CMHC
The co-op will **execute its new loan agreement** with its new lender before the payout date. Note that ▪ because CMHC has approved the refinancing for a specific amount, any changes to this amount need to be approved. ▪ revolving lines of credit registered on title are not allowed.	Co-op and Co-op's lawyer
CMHC will send the new lender a payout statement two weeks before the payout date. The payout statement is valid only for two weeks.	CMHC
The co-op's lawyer will verify the **property title** at least one week before the closing date to ensure there are no ownership issues to be settled before closing.	Co-op and Co-op's lawyer
CMHC will execute the mortgage discharge and provide a **Release of Fire Insurance** within 30 days of receiving the payment in full. CMHC will send copies of these documents to the Agency and the co-op.	CMHC
The co-op's lawyer will ensure that CMHC releases the fire insurance along with the Discharge of Mortgage.	Co-op and Co-op's lawyer
The co-op will send the Agency a copy of the new loan agreement.	Co-op

Appendix E

Private Refinancing: Who does what?

Co-op

- Advises the relationship manager of its intention to seek private financing.
- Researches what service providers are available to assist the co-op, for example, CHF Canada, CHF BC, other consultants.
- Hires a service provider.
- Works with the service provider to create a capital plan/asset management plan based on a current Building Condition Assessment.
- Submits the capital/asset management plan to the relationship manager.
- Board makes the decision to proceed with the refinancing option.
- Membership passes a special borrowing resolution after the service provider presents the financing option to a members' meeting.
- Board signs a term sheet received from a lender.
- Retains an experienced lawyer to review documents, advise the co-op and facilitate the closing.
- Hires a project management firm through a competitive process.
- Reviews the CMHC submission package (if CMHC approval is needed) and provides feedback to the service provider.
- Board signs back the commitment letter once CMHC provides approval (if needed).
- Board requests payout statement from CMHC and signs closing documents as directed by their lawyer.
- Forwards a copy of the mortgage documents to the Agency.

Service Provider

- Explains to the co-op the costs and benefits of refinancing, the services it provides and the fees for those services.

- Assists in developing a capital plan or asset management plan, based on a BCA less than three years old, to determine if or how much financing is needed.

- Requests documents from the co-op in order to prepare a financing analysis.

- Provides a mortgage broker with the information needed to find a lender.

- Prepares the refinancing recommendation and makes a presentation to the co-op membership.

- Once a lender is identified, assists the co-op in obtaining a market value appraisal and an environmental site assessment, if necessary, for the lender submission.

- Collects all the documents for the lender submission and sends the loan application to the lender.

- Once a term sheet is received from a lender, reviews it with the co-op.

- Presents the commitment letter to the Board.

- Prepares a submission package requesting approval for the further encumbrance from CMHC (if needed) and submits it to the Agency. Shares the package with the co-op. Notifies the co-op if any changes are made to the financial projections or capital plan.

- Co-ordinates the closing process with CMHC, the new lender, the co-op and the co-op's lawyer.

Agency

- Reviews the BCA and provides feedback.

- Reviews the capital plan/asset management plan and provides comments and approval.

- If CMHC approval is required,

- reviews the submission package, provides feedback to the service provider. Once the submission package is complete and meets CMHC's criteria, submits it to CMHC for approval.
- receives approval from CMHC and confirms the approval with the service provider and the co-op.
- provides Agency approval of the final capital plan/asset management plan and expected capital reserve contributions.
- informs the co-op of the encumbrance approval and explains which aspects of the co-op's relationship with the Agency have changed and which have not.

- Continues to monitor the co-op's compliance with their operating agreement including contributions and expenditures from the capital replacement reserve until the operating agreement ends.

- Continues to do a risk assessment of the co-op, based on its financial performance and any other risk factors until the operating agreement ends.

CMHC

- Reviews and advises the Agency of the approval for further encumbrance (for co-ops where permission is required).

- Provides payout statement, on request from the co-op, and liaises with co-op's lawyer during closing.