

Overview of the HUD Section 108 Loan Guarantee Process and Typical Associated Timelines

The Section 108 loan guarantee process is a two-part process, including an application phase and a funding phase.

Application Phase: An eligible Community¹ develops and submits an application for a project (or a loan fund), and the local HUD field office and Section 108 Office at HUD Headquarters concurrently review the application and make a recommendation to the Deputy Assistant Secretary for Grant Programs.

Funding Phase: The Community (or its designated public entity²) and the Section 108 Office, as well as its Program Counsel, prepare the financing documents necessary to for the project (or the first project under a loan fund) to be guaranteed by HUD. HUD also reviews any documents that are relevant to its security interest in the guaranteed loan at this time. The Community then submits its signed loan documents and its first request for funds to be advanced. Once HUD signs the loan documents and attaches its guarantee, it sends these documents to its Fiscal Agent, which arranges for the advanced funds to be wired to the Community. From this point forward, the Community can begin to access funds on a weekly basis for the project and will start reporting in HUD's Integrated Disbursement and Information System (IDIS).

Please note that the estimated processing times noted in this document are relatively conservative and are based on recent transactions in fiscal years; however, they account for applications and loan documents that are submitted without significant information gaps or issues. For any complex financial transactions, especially for projects involving New Market Tax Credits, Communities should allow additional time for application review as well as financing document development. HUD encourages Communities to provide HUD with draft applications and to request expedited development of financing documents when shorter timelines are required for approval and loan closing.

¹ Communities eligible to apply for Section 108 guaranteed financing are grantees that receive funding through the Community Development Block Grant Program, either directly or through their State.

² Designated public entity is public agency designated by a public entity to issue debt obligations, such as a redevelopment, economic development, or housing authority.

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