

Long-term, fixed-rate financing for new construction/substantial rehabilitation of multifamily rental communities (minimum 5 units)

| LOAN PARAMETERS <sup>(1)</sup> |  |                               |  |
|--------------------------------|--|-------------------------------|--|
| Property Type                  | Maximum Loan to Eligible Cost <sup>(2)</sup> | Minimum Debt Service Coverage | Statutory Limits                             |
| Subsidized <sup>(3)</sup>      | 90%  | 1.11x                         | Per unit limits adjusted by High Cost Factor |
| Affordable <sup>(4)</sup>      | 87%  | 1.15x                         |  |
| Market Rate                    | 85%  | 1.18x                         |  |

<sup>(1)</sup> Applies to loan sizes up to \$120,000,000. Lending parameters available upon request for loans above \$120,000,000.

<sup>(2)</sup> Eligible cost includes hard costs and most soft costs plus the as-is value of the project or land. Examples of ineligible costs include refundable reserves, preliminary marketing costs, and offsite improvements.

<sup>(3)</sup> At least 90% of the units are covered by a project-based Section 8 contract.

<sup>(4)</sup> Regulatory Agreement with minimum set-aside (e.g. 40% of units at 60% AMI, or 20% of units at 50% AMI) in effect for at least 15 years after the new loan closes.

**Eligible Properties** Subsidized, affordable, or market rate multifamily properties. Commercial space is limited to 25% of net rentable area and 15% of underwritten effective gross income (up to 30% of underwritten EGI permitted in Urban Renewal Opportunity Zones).

**Eligible Borrowers** Single-asset entity; either for-profit or not-for-profit.

**Loan Term** Interest only during construction plus 2 months for cost certification followed by 40 years fully amortizing.

**Interest Rate** Fixed interest for life of loan; Determined at rate lock based on prevailing market conditions

**Mortgage Insurance (MIP)** Annual - 0.65% of outstanding loan amount (affordable, subsidized, and green certified properties eligible for lower MIP of 0.25% to 0.35%).

**Loan Fees** HUD Application fee: 0.30%. (Opportunity Zone Market Rate: 0.20%, Opportunity Zone Affordable 0.10%).

**Prepayment** Prepayment provisions negotiable, generally subject to lockout period and declining penalties.

**Recourse** Non-Recourse and assumable with HUD approval.

**Timing** Typical timeline is 12 months from application to Initial Endorsement; (1) 45-60 days to submit pre-application, (2) 45-60 days to HUD issuance of invitation letter, (3) 90-120 days to submit firm application; (4) 45-60 days to HUD issuance of Firm Commitment; (5) 45-60 days to initial closing.

**Escrows** Monthly: Real estate taxes, property insurance, MIP, replacement reserves (minimum \$250 per unit)  
  
Escrows Required at Closing: Initial Operating Deficit and Working Capital (2%-4% of the loan); will be released after 6 consecutive months of break-even occupancy. May be covered with cash or letter of credit.

**Third Party Reports** Appraisal, Market Study, Environmental, Radon and Architectural & Engineering Cost Review.

**Prevailing Wage** Davis Bacon, prevailing wage requirements apply – determined by Department of Labor and applies to work done on-site.

**Experience** Borrower and development team, General Contractor, Architect, Management Agent all need to have relevant "like kind" experience (**HUD experience strongly preferred**).