

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

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

⁽¹⁾ Applies to loan sizes up to \$75,000,000. Lending parameters available upon request for loans above \$75,000,000.

⁽²⁾ 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.

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

⁽⁴⁾ 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**).