

NEW CONSTRUCTION OR SUBSTANTIAL REHABILITATION

Eligible Properties	Market rate property of any class, cooperatives, affordable housing or subsidized.												
Commercial Space	Limited to 10% of gross floor area and 15% of gross income (limits double in certain urban renewal areas under Section 220).												
Use of Proceeds	New construction or substantial rehabilitation which is defined as: <ul style="list-style-type: none"> • Cost of improvements mor than higher of: <ul style="list-style-type: none"> ○ Base cost per dwelling unit limit times the applicable high cost factor times the number of dwelling units proposed for the property after completion of any construction, or ○ \$15,000 per unit adjusted for local high cost factor • Replacement of two or more major building components 												
Davis Bacon Wages	Payment of prevailing wages is required by HUD. Wages are determined by the Department of Labor.												
Borrower	Single asset, special purpose entity either for profit or non-profit.												
Recourse	Non-recourse												
Interest Rate	Fixed for term of the loan, determined by market conditions at the time of rate lock												
Loan Parameters	Maximum loan amount will be the lesser of: <ul style="list-style-type: none"> • A percentage of replacement cost, including as-is-value of land for new construction and as-is-value of property for substantial rehabilitation, per table below • FHA mortgage statutory per unit limits adjusted for local high cost factor, or • An amount that achieves a minimum debt service coverage, per table below <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Property Type</th> <th>Maximum Loan to Value</th> <th>Minimum Debt Service Coverage</th> </tr> </thead> <tbody> <tr> <td>Subsidized¹</td> <td>90%</td> <td>1.11x</td> </tr> <tr> <td>Affordable²</td> <td>87%</td> <td>1.15x</td> </tr> <tr> <td>Market Rate³</td> <td>85%</td> <td>1.17x</td> </tr> </tbody> </table> <p>¹At Least 90% of the units covered by project-based Section 8 contract. ²Regulatory Agreement with a 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. Achievable tax credit rents 10% or more below market. ³Market rate projects with significant rent advantage (achievable tax credit rents 10% or more below market).</p>	Property Type	Maximum Loan to Value	Minimum Debt Service Coverage	Subsidized ¹	90%	1.11x	Affordable ²	87%	1.15x	Market Rate ³	85%	1.17x
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Term and Amortization	Actual construction period plus 40 years (fully amortizing with interest only payment during construction period)												
Prepayment and assumption	Negotiable. Standard is a 10-year stepdown prepayment (10% year 1 declining 1% annually until open at Par after year 10). Loan is fully assumable subject to HUD approval.												
Escrows	Replacement reserves required and monthly deposit is to be determined in accordance with HUD guidelines. Taxes and insurance are escrowed monthly (post construction). Working Capital Reserve equal to 4% of loan amount (cash or LOC). Operating Deficit Reserve equal to 3% of loan amount, or greater as determined by HUD at commitment (cash or LOC)												

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Mortgage Insurance Premium	<p>Market Rate: 0.60% due to HUD at closing and 0.65% annually thereafter.</p> <p>Broadly Affordable: 0.25% due to HUD at closing and 0.25% annually thereafter.</p> <p>Green and energy efficient housing: 0.25% due to HUD at closing and 0.25% annually thereafter.</p> <p>Affordable: 0.35% due to HUD at closing and 0.35% annually thereafter.</p> <p>Section 220 urban renewal projects that are not Section 8 or LIHTC: 0.70% annually.</p> <p>*All MIP rates are escrowed monthly.</p>
HUD Application Fee	<p>30 basis points (\$3 per \$1,000) on requested loan amount (15 bp due with submission of initial application and 15bp due with submission of firm application to HUD).</p>
Third Party Reports:	<p>Appraisal, Market Study, Phase I, Construction Cost and Architectural-Environmental Review.</p>