



Eligible Properties	Market rate, affordable, or rental assisted rental housing for elderly persons (aged 62 or older) and/or persons with disabilities. Occupancy restricted to elderly in at least 75% of units (all residents in the unit must be 62+) with no more than 25% reserved for non-elderly disabled residents and their families.
Davis Bacon Wages	Payment of prevailing wages is required by HUD. Wages are determined by the Department of Labor.
Borrower	Single asset, special purpose for profit entity. (Note: a nonprofit can be the general partners of a for profit entity)
Recourse	Non-recourse. (Note: Identified partners will be required to sign “Bad Boy” carveouts at closing).

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:

- 100% of mortgageable transaction costs less the portion of grants, public loans, and tax credits applied to mortgageable costs.
- FHA mortgage statutory per unit limits adjusted for local high cost factor.
- An amount that achieves the maximum loan to value, per table below.
- An amount that achieves a minimum debt service coverage, per table below

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

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).

Occupancy Maximum underwritten physical occupancy per the table below.

Property Type	10% Discount to Market Rent	Maximum Underwritten Occupancy
Market Rate	No	93%
Affordable	No	93%
Affordable with 80+% LIHTC set aside	Yes	95%
Subsidized	N/A	97%
In place rehab with occupancy 90+%	No	97%
In place rehab with 90+% set aside	Yes	97%



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)
Mortgage Insurance Premium	Market Rate: 0.60% due to HUD at closing and 0.65% annually thereafter. Broadly Affordable: 0.25% due to HUD at closing and 0.25% annually thereafter. Green and energy efficient housing: 0.25% due to HUD at closing and 0.25% annually thereafter. Affordable: 0.35% due to HUD at closing and 0.35% annually thereafter. *All MIP rates are escrowed monthly.
HUD Application Fee	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).
Third Party Reports:	Appraisal, Market Study, Phase I, Construction Cost and Architectural-Environmental Review.