

Program Overview:	Provides a construction loan that converts to a fully amortizing permanent loan upon construction completion
Borrower Type:	For-Profit or Non-Profit single asset borrower entity
Recourse/Guaranty:	Non-recourse
Loan Term/Amortization:	Interest Only during construction, followed by 40-year, fully-amortizing loan term
Interest Rate:	Determined by market conditions and fixed for the full term of the loan
Commercial Space:	Limited to 25% of Net Rentable Area & 15% of Effective Gross Income (30% of Effective Gross Income for Section 220 projects in qualified urban renewal areas)

Loan Parameters:

	Loan Amounts UNDER \$130M		Loan Amounts OVER \$130M	
Property Type	Loan-To-Cost	Min DSCR	Loan-To-Cost	Min DSCR
Market Rate	87%	1.15x	75%	1.30x
Subsidized ¹	90%	1.11x	87%	1.15x
Affordable ²	90%	1.11x	80%	1.25x
Middle Income ³	90%	1.11x	75%	1.30x
¹ At least 90% of the units must be encumbered by a project-based rental assistance contract				
² Requires Regulatory Agreement in place for at least 15-years following closing with minimum LIHTC restrictions of 40% of units at 60% AMI or 20% of units at 50% AMI, with a rent advantage to market				
³ 50% of units must be targeted to tenants up to 120% AMI with a minimum use restriction for 10 years monitored by a state or local government entity				

Prepayment	Negotiable. Typically, 10-year call protection with a combination of lockout and/or step-down pre-payment penalty
Assumption:	Loans are fully assumable, subject to HUD approval.
HUD Application Fee:	0.3% of the loan amount (0.15% due at Pre-Application and 0.15% due at Firm Application)
HUD Inspection Fee:	0.5% of loan amount for New Construction; 0.50% of Total Improvements for Substantial Rehab
HUD MIP:	0.25% per year for the construction period due at closing, and 0.25% annually thereafter
3rd Party Reports:	Appraisal, Market Study, Phase I Environmental, and Architectural and Cost Analysis
Reserves:	Typical Tax and Insurance escrows (including MIP) and Replacement Reserves (minimum annual deposit of \$250/unit)
Escrows:	<u>Initial Operating Deficit:</u> Greater of (1) Amount determined by Appraisal or Underwriting; (2) 3% of the Loan Amount; or (3) 4 months of debt service payments for garden-style projects or 6 months of debt service payments for elevator projects <u>Working Capital:</u> 4% for new construction projects; 2% for substantial rehab projects Escrows may be funded via Cash or Letter of Credit
Construction Wages:	Davis-Bacon wage rates are required