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| <b>QUALIFIED PROPERTIES</b>      | New construction or substantial rehabilitation of affordable multifamily properties that are located in an Economic Development Area   |
| <b>LOAN AMOUNT</b>               | The maximum supportable loan is limited by the lesser of:<br>a) 87% of eligible cost, which includes the land value or as-is value of property; if the property significantly benefits from rental subsidy, the threshold is 90%<br>b) An amount that meets the Debt Service Coverage (DSC) threshold of 1.15x; if the property significantly benefits from rental subsidy, the DSC threshold is 1.11x<br>c) HUD statutory limits    |
| <b>TERM AND AMORTIZATION</b>     | A maximum of the actual construction period plus 40 years, fully amortizing with interest only payable during construction   |
| <b>PREPAYMENT AND ASSUMPTION</b> | Prepayment terms are negotiable and are not subject to yield maintenance or defeasance; loan is assumable, subject to FHA approval   |
| <b>INTEREST STRUCTURE</b>        | Fixed rate, determined by market conditions at the time of rate lock; interest is set at construction loan closing and in place for entire term  |
| <b>PERSONAL LIABILITY</b>        | Non-recourse during construction and permanent phases with standard carve outs   |
| <b>CONSTRUCTION</b>              | Davis-Bacon prevailing wage required   |
| <b>COMMERCIAL SPACE</b>          | Limited to 20% of net rentable area and 30% of effective gross income  |
| <b>SECONDARY FINANCING</b>       | Permitted under certain circumstances  |
| <b>ESCROWS AND RESERVES</b>      | <ul style="list-style-type: none"><li>✓ Taxes and insurance are escrowed monthly</li><li>✓ Replacement reserve is required and the monthly deposit amount is determined in accordance with the Physical Condition and Needs Assessment and HUD guidelines</li><li>✓ Working Capital Reserve of up to 4.0% of loan amount</li><li>✓ Initial Operating Deficit Reserve of up to 3.0% of loan amount or 4 months debt service</li></ul> |
| <b>HUD FEES</b>                  | <ul style="list-style-type: none"><li>✓ HUD Application Fee of 0.30%, half is due at the time of feasibility pre-application submission to HUD and the remainder is due at the time of firm application</li><li>✓ HUD Inspection Fee of 0.50% is due at closing</li><li>✓ HUD Mortgage Insurance Premium is due at closing</li></ul>   |
| <b>LENDER FEES</b>               | Lender fees earned at borrower's acceptance of firm commitment and payable at closing  |
| <b>THIRD PARTY REPORTS</b>       | Appraisal, Market Study, Phase I Environmental Report, and Engineering Review are required   |
| <b>TIMELINE</b>                  | Typically, closing takes place 90-120 days after firm submission to HUD; total time frame is subject to borrower's readiness to submit due diligence; some affordable properties are eligible for accelerated processing   |

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