



## DEBT PROGRAM TERM SHEET

### Multifamily Mortgage Loans

As of June 1, 2009

<b>Eligible Loans</b> .....	Individual first mortgage loans and portfolios of closed loans secured by affordable multifamily housing projects.
<b>Loan Amount</b> .....	\$500,000 to \$5,000,000. Larger loans will be considered.
<b>Term/Amortization</b> .....	Term and amortization up to 30 years. "Standard" product is 18 year term with 30 year amortization.
<b>Application Fee</b> .....	\$2,500 due with submission of loan package to CDT.
<b>Commitment Fee</b> .....	None.
<b>Interest Rate</b> .....	Fixed at a spread over the 10-year U.S. Treasury for terms up to 18 years and over comparable term U.S. Treasury for terms of 18-30 years. See CDT's Weekly Indicative Rate Sheet for current interest rates.
<b>Treasury Floor</b> .....	Based on minimum yield requirements, CDT may impose Treasury floors from time to time in its pricing. Please contact CDT to confirm requirements.
<b>Rate Lock Parameters</b> .....	CDT requires an additional spread for forward commitments. Please see our current Weekly Indicative Rate Sheet for indicative rates for forward commitments of 24 months. If needed, one six-month free extension is available upon request.
<b>Buydown Option</b> .....	Borrowers may elect to pay a fee to partially buy down the interest rate. Please contact CDT to confirm our current buy down parameters.
<b>Rate Lock Security</b> .....	Forward rate lock must be secured by a combination of a secured subordinate note and a 2% rate lock fee. The subordinate note is equal to the greater of 1% of the permanent loan amount or Yield Maintenance Amount (see form of Promissory Note for definition). At the time the loan is delivered to CDT, 1% of the rate lock fee will be refunded and the secured subordinate lien will be released of record.
<b>Eligible Properties</b> .....	Affordable rental housing projects with at least 24 units. Projects may be comprised of scattered-sites, senior apartments, single-family rental units and other nontraditional, multifamily rental housing. All projects must satisfy Community Reinvestment Act (CRA) criteria.
<b>Loan to Value Ratio (LTV)</b> .....	Program maximum up to 80% for low income housing tax credit (LIHTC) projects; lower for other projects. Based on market conditions, maximum LTV requirement may be lower in certain locations. LTV includes <i>all</i> loans requiring debt service payments.
<b>Debt Coverage Ratio (DCR)</b> .....	Program minimum 1.20:1.00 for LIHTC projects; 1.25:1.00 and higher for non-LIHTC projects and properties with 40 units or less; greater DCR for scattered-site and other nontraditional projects. Based on market conditions, minimum DCR requirement may be higher in certain locations. DCR includes <i>all</i> loans requiring debt service payments. CDT may require higher DCR thresholds for certain locations based on market conditions.
<b>Underwriting</b> .....	All new loans must be underwritten according to the CDT Selling and Servicing Guide, CDT Reference Manual and periodic program updates and supplements (collectively, the CDT Debt Program). Exceptions to CDT Debt Program requirements will be approved on a case-by-case basis.
<b>Market Conditions</b> .....	Based on current market conditions, CDT may impose tighter credit standards including but not limited to higher DCRs, longer seasoning at the time of conversion, shorter terms, and shorter amortization periods.
<b>Eligible Lenders</b> .....	Lenders must be approved by CDT prior to submitting loans for consideration.

**Loan Package Submission/**

**Approval**.....For all loan purchase requests, CDT requires Lenders to submit complete underwriting packages in accordance with CDT’s Commitment Application Checklist. CDT’s approval is based on its concurrence with the Lender’s underwriting conclusions and recommendations as to the creditworthiness of the transaction.

**Lender Recourse**.....No recourse required on loans secured by LIHTC projects. Generally, recourse is not required for non-LIHTC loans.

**Servicing**.....Lender servicing optional. For servicing-released loans, CDT’s third-party servicer will provide servicing. *Minimum* servicing fees for servicing-released loans by loan amount: ≥\$2.0MM = 12.5BP, ≥ \$1MM = 20BP and ≥ \$500K = 37.5BP.

**Portfolios** .....Eligible for purchase including those non-conforming to the CDT Debt Program. Price based on credit factors, long terms, seasoning and performance.

**Conditions for Conversion &**

**Loan Purchase** .....For new projects, loans will be purchased following three consecutive months at 90% economic and physical occupancy, achievement of the minimum required DCR for the same three-month period and compliance with CDT Debt Program guidelines. For existing projects, sound operating history must be demonstrated. Aforementioned LTV and DCR requirements represent *program* limits. Individual loans are approved, committed and purchased based on *transaction-specific* LTV, DCR and other applicable credit features.

**Subordinate Financing**.....Soft subordinate financing permitted, subject to CDT approval and execution of acceptable subordination agreement. Hard subordinate financing permitted only from public/nonprofit lenders and subject to minimum combined DCR, LTV and other requirements.

**Documentation**.....New loans must be originated using standard Fannie Mae documents, including Security Instrument and Note.

**Representations and**

**Warranties** .....Standard secondary market representations and warranties required.

**Prepayment Terms**.....For standard 18/30 product, prepayment permitted during minimum 15-year yield maintenance period, subject to prepayment premium calculated as the greater of 1% of the outstanding loan amount or Fannie Mae’s yield maintenance formula. After yield maintenance period, prepayment premium is 1% of outstanding loan amount. For other products, please contact CDT.

**Escrows/Reserves** .....Escrows required for property taxes and insurance. Reserves held by servicer in amounts determined appropriate by Lender with the following minimums:

- Replacement:
  - > Multifamily and Senior - \$250/unit/year
  - > Properties with 40 units or less - \$300/unit/year
  - > CDT may require higher reserve levels for certain properties, including rehab transactions.
  - > All replacement reserves reviewed after 5 years.
- Operating:
  - > The greater of \$25,000 or 3-months of debt service;
  - > The greater of \$25,000 or 4-months of debt service for properties with 40 units or less.
  - > Fully funded at closing.
  - > CDT reserves the right to require additional reserves depending on market conditions and transaction features.

**Approval Timeframe**.....Generally 15 days from receipt of complete Application for credit approval. Commitment issuance and rate-lock requests generally take 4-5 days after credit approval.

**Site Inspection**.....CDT will generally perform a site inspection as part of the approval process.

**Please be advised that this term sheet hereby amends and supplements the CDT Selling and Servicing Guide, CDT Training and Reference Manual and previous updates, is provided to you for informational purposes only and does not constitute a commitment or any offer from CDT.**

*Please contact CDT’s Debt Group to become an approved lender.*

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the community development trust