



CDT Affordable Multifamily Lending Program
Immediate Funding Term Sheet
As of March 16, 2018

- Eligible Loans** First mortgage loans on stabilized affordable multifamily communities.
- Loan Amount** Generally \$1,000,000 to \$5,000,000; loans outside this range considered.
- Term/Amortization** 15 to 30 years; amortization up to 30 years.
- Interest Rate** Competitive rates based on fixed spread over comparable term U.S. Treasury rates. Rate set prior to loan closing.
- Prepayment Terms** Fannie Mae yield maintenance formula.
- Guaranty/Recourse** Execution of an exception to non-recourse obligations required for customary carve-outs.
- Cash-out Refinance** Allowed. Eligible use of proceeds includes (a) pay off current outstanding secured debt, b) payment of any yield maintenance or other prepayment premium, (c) closing costs and /or (d) funded reserves.
- Affordability Requirements** All properties must be affordable based on extended-use restrictions and/or in-place regulatory agreements.
- Loan to Value Ratio (LTV)** Maximum LTV of 80%. Lower LTV may apply in certain locations. For new LIHTC projects, maximum LTV of 90% considered. LTV is a combined loan-to-value that includes *all* loans requiring debt service payments.
- Debt Coverage Ratio (DCR)** Minimum DCR of 1.15 to 1.20:1.00 depending on market conditions. Higher DCR for non-LIHTC projects and properties with 40 units or less. DCR includes *all* loans requiring debt service payments.
- Occupancy Requirements** 90% physically and economically occupied for three months prior to closing.
- Eligible Properties** Affordable multifamily rental housing projects with at least 24 units.
- Property Condition** Physical needs assessment report required. If upgrades and repairs needed, repair escrow funded at closing. Generally, repairs and upgrades must be completed within 3 to 6 months of loan closing.
- Subordinate Financing** All subordinate financing must be coterminous with the term of the first mortgage. Soft subordinate financing permitted, subject to execution of acceptable subordination agreement.
- Project-Based Rental Subsidy Contract** Loan request is subject to CDT's loan sizing criteria for project with project-based rental subsidy contract. Generally, project-based rental subsidy contract should be longer than or coterminous to the first mortgage.
- Loan Documentation** Standard Fannie Mae documentation.
- Property Insurance** Standard Fannie Mae requirements.

Escrows/Reserves..... Escrows required for property taxes and insurance. The following reserves, held by CDT, are based on the minimum requirements listed:

- **Replacement:**
 - > Minimum for all properties - \$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.
 - > Higher reserves may be required based on Physical Need Assessment (PNA).
- **Debt Service and 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 right to require additional reserves depending on market conditions and transaction features.

Application Fee \$5,000 non-refundable fee due at application; up to \$2,000 of fee applied as credit to legal review/closing-related costs.

Third-party Reports ..\$12,000 due at application for third-party reports, including appraisal, environmental, physical needs assessment (if required), zoning and other required reports. CDT bills actual report costs. Total fee may be higher or lower.

Commitment Fee 1% of loan amount; minimum of \$10,000.

Good Faith Deposit 2% due at rate lock; refunded at closing.

Legal Fees Legal fees typically between \$10,000 and \$12,000. Higher fees may apply for more complex transactions. Loans are closed by CDT approved attorneys.

Please be advised that this term sheet is provided for informational purposes only, does not constitute a commitment or any offer from CDT and is subject to changes at any time. Please contact CDT for questions related to your loan request or if you require additional information.

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