



CDT Affordable Multifamily Lending Program
LIHTC Forward Commitment Term Sheet
As of March 12, 2019

- Eligible Loans**.....First mortgage loans on newly-constructed or rehabilitated LIHTC communities.
- Loan Amount Range**..... \$2,000,000 to \$10,000,000; larger loans considered.
- Term/Amortization**.....15 to 30-year term; Up to 35-year amortization available.
- Forward Commitment Period**.....Up to 30 months
- Interest Rate**.....Fixed at spread over comparable term U.S. Treasury rates at commitment execution
- Prepayment Terms**..... GSE yield maintenance formula.
- Loan Re-sizing**.....No fees or rate change for maximum downward adjustment of up to 10%. Shortfall breakage fees apply to downward adjustments of greater than 10%.
- Extensions**.....Subject to approval, prevailing interest rates and extension fees at time of request.
- Guaranty/Recourse**.....Execution of an exception to non-recourse obligations is required for customary carve-outs.
- Affordability Requirements**.....All properties must be affordable based on extended-use restrictions and/or in-place regulatory agreements. For mixed-income properties, generally at least 50% of the units must be at or below 60% area median income (AMI). Mixed-income properties are generally subject to lower LTV and higher DCR thresholds. (See standard LTV and DCR requirements below.)
- Occupancy Requirements**..... 90% physically and economically occupied for three months prior to permanent loan closing.
- Eligible Properties**..... Affordable multifamily rental housing projects with at least 24 units.
- Loan to Value Ratio (LTV)**.....Maximum LTV of 80%. LTV is a combined loan-to-value that includes *all* loans requiring debt service payments. LTV's above 80% considered on a case-by-case basis.
- Debt Coverage Ratio (DCR)**..... Minimum 1.15 for 9% LIHTC and new construction 4% LIHTC properties more than 40 units. Minimum DCR of 1.20 for all rehab 4% LIHTC properties and all projects with 40 or less units. DCR includes *all* loans requiring debt service payments.
- Appraisal Report**..... New report required. Updated appraisal may be required at time of conversion if original report is *more than 30 months old* from the time of forward commitment approval.
- Subordinate Financing**..... All subordinate financing must have maturity dates that are at least 90 days past the maturity date of the first mortgage. Soft subordinate financing permitted, subject to execution of 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**.....Generally standard secondary market/GSE documentation apply.
- Property Insurance**Generally standard secondary market/GSE requirements apply.

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.
- **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.

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. Current third-party reports from approved CDT bank clients may be acceptable. Such reports are assigned to CDT for reliance.

Rate Lock Security..... Refundable Deposit Fee of 2%, plus Delivery Assurance fee note secured by subordinate lien.

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

Legal Fees..... Legal fees for the permanent loan conversion typically range from \$15,000 to \$17,000. This range assumes that (i) the property and transaction do not include any complexities not typical for basic LIHTC transactions, (ii) there are no protracted loan document negotiations and (iii) closing is not significantly delayed or postponed. Additional legal fees may be required for transactions that involve any of the above. 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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