CRF USA

Capital for Communities – Opportunities for People

Community Reinvestment Fund, USA
HOUSING LOANS

Multi–Family Affordable Housing LIHTC Mortgages

Terms and Conditions

CRF purchases Affordable Housing Multi-Family Loans through loan portfolios or on an individual loan basis. This term sheet focuses on first mortgage loans for LIHTC properties, both 4% and 9% projects.

In addition to providing lending partners access to capital, CRF purchases Affordable Housing Multi-Family Loans with highly competitive pricing, flexible terms and underwriting criteria.

Affordable Housing Multi-Family Loans help strengthen communities through the retention and creation of affordable housing units for low to moderate-income persons throughout the country.

LOAN GUIDELINES

Use of Funds:	Permanent financing for multi-family affordable housing properties that have reached stabilization. To meet program affordability standards, properties may be in low/moderate census tracts or meet LIHTC affordability standards.
CRF Loan Size:	Minimum: $500,000 - Maximum: $7,000,000.
Loan Interest Rate:	Interest rates are fixed. Please refer to most recent Pricing Sheet for an indication of current rates.
Amortization and Loan Term:	15/30, 18/30
Prepayment Penalty:	Lockout or yield maintenance for a minimum of 15 years, and thereafter prepayment is allowed for a fee equal to 1% of the outstanding loan balance. However, no prepayment fee shall be due for prepayment occurring within 180 days prior to the scheduled maturity date of the mortgage loan.
Security:	Loan must be secured by a first lien on the real estate being financed and be free from other encumbrances or objections except those that are customarily acceptable in similar transactions or are affirmatively insured by the title insurer.
Underwriting Requirements:	Properties to be financed must have sprinkler systems for fire suppression.

Management Expertise - The projected Sponsor, Developer, Property Management Company and Tax Credit Investor, if applicable, must have adequate experience to successfully support and manage the project during the term of the loan.

Debt Service Coverage - Minimum debt service coverage ratio of 1.15:1 based on annualized financial statements for 9% LIJTC transactions and 1.20:1 for 4% LIHTC transactions. DSC is calculated to include all debts that have required payments. In addition, vacancy will be underwritten at a minimum of 7% for tax credit units except for age restricted units at a rate of 5%. If the property's local submarket is less than 85% occupancy, an additional 2% vacancy will be added to the underwritten vacancy calculation.

Stabilization and Occupancy - Longstanding projects with annual average occupancy of 90% are acceptable. Minimum period of 90% occupancy for multi-phased projects is 180 days. A permanent certificate of occupancy is required. Any construction, remodeling, or rehabilitation work required to support the underwriting must be substantially completed prior to closing.

Replacement Reserves - An annual collection of $300 per unit shall be held as a reserve for capital repairs.

Appraisal - Must be no more than 6 months as of the date of the Commitment Letter, and must be completed by an MAI certified appraiser qualified to complete such appraisals in accordance with FIRREA. An appraisal update or market study will be required prior to closing when the Appraisal is older than program requirements.

Phase One Environmental Assessments—Must be no more than 6 months at Loan Commitment.

Debt Services Reserves - Prior to purchase, an amount equal to 3 months debt service must be held in a Debt Service Reserve, to be drawn upon if net cash flow from operations is less than the debt service expense. If Debt Service Reserve is drawn upon, subsequent months with excess cash flow after debt service must be deposited into the Debt Service Reserve until it contains an amount equal to 3 months of debt service.

Refinance is restricted to amount necessary to refinance existing primary and sub-debt on the property, and amounts for immediate capital improvements which must be completed before loan purchase.

Other - Borrower requirements are for illustrative purposes. Other criteria may apply based on the characteristics of each unique request.

ATTACHMENT 15

Site Inspection:	A site inspection is required prior to loan purchase. In addition, at the end of year 10, a property Condition Analysis will be ordered at the expense of the property owner. The Analysis can be paid from replacement reserves if adequate funds are available in the account.
Servicing:	Lending partners may contract to service the loans they originate if lending partners meet CRF servicer qualifications.
Loan-to-Value:	The mortgage loan on LIHTC projects shall not exceed 80% LTV based on a MAI-certified appraisal in accordance with FIRREA Act of 1989. The LTV calculation must include all hard debt within its loan amount component.
Underwriting Documentation Requirements:	Insurance requirements include Business Interruption, Terrorism Coverage, Earthquake and Flood Insurance, if applicable.

Lender's credit memorandum (if you would like a list of topics to be discussed in the lender's credit memo, please contact CRF).

Standard loan documentation on Fannie Mae documents, including note, mortgage or deed of trust.

Title Insurance.

Affirmative evidence of zoning compliance such as a zoning compliance report or zoning endorsement to the title insurance.

Evidence of tax abatement, if applicable.

Mortgage loan payment record for existing or refinance situations.

Sources and uses schedule, if not already contained in the Lender's credit memo.

Appraisal report, with reliance letter if not addressed to both CRF and Lender.

Market Study.

Environmental reports (phase I and, if recommended, Phase II).

Physical Needs Assessment for existing or rehab properties.

Provide operating statements for the previous three years (for existing projects) and most recent year-to-date quarterly statements.

Cash flow projections.

Most recent financial statements for sponsor and/or borrower.

Monthly utility allowances for all unit types.

Property management contract.

Subordinate debt terms, including repayment terms, default provisions, material conditions and lien position.

Ground lease, if applicable.

Tax credit allocation letter for LIHTC projects.

Partnership Agreement or, if unavailable, limited partner investor's offering letter.

Lender's counsel's name and contact.

Other documents as required.

Please contact Colleen Schwarz at colleen@crfusa.com or at 720.289.2439 for full list of documentation requirements.

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CRF USA

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Community Reinvestment Fund, USA
HOUSING LOANS

Multi-Family Affordable Housing Loans
LIHTC Forward Loan Commitment

Terms and Conditions

The Low Income Housing Tax Credit (LIHTC) Forward Loan Commitments provides permanent lending solutions to LIHTC construction lenders that do not provide permanent loans. CRF commits to purchase eligible loans and locks in the interest rate during construction and stabilization, for up to 30 months.

CRF Housing loans help strengthen communities through the creation and retention of affordable housing units for low-income persons throughout the country.

LOAN GUIDELINES

Use of Funds:	Permanent financing for multi-family affordable housing properties that are stabilized and supported by 4% and 9% LIHTC
CRF Loan Size:	Minimum: $500,000 - Maximum: $7,000,000
Loan Interest Rate:	Interest rates are locked when the forward commitment is issued, and are fixed for the term of the permanent loan. Rates are based on current market conditions, term of the loan and include an additional premium over base pricing for the forward commitment, which varies on the length of the forward commitment period.
Commitment Term:	Maximum: 30 months
Amortization and Loan Term:	Two options are available: either a 15 year or an 18 year loan term. Each has a 30 year amortization period. (e.g. 15/30 and 18/30).
Loan to Value:	Not exceed 80% LTV based on Appraised Value with Restricted Rents, and prepared by a MAI - certified appraisal in accordance with FIRREA and USPAP. The LTV calculation must include all must-pay debt within its loan amount component. An appraisal update may be required prior to closing if there is a substantive change in market conditions perceived by CRF.
Commitment Fee:	1% due at forward commitment. Shared equally with lending partner.
Deposit Fee:	A deposit fee of 2% of the approved loan amount will be paid by the Borrower and held in escrow by CRF. The deposit fee will be returned to the Borrower after closing the permanent loan.
Extension Fee:	Extensions of the forward commitment period are available based on review and approval at the time of the request. Extensions of 1 to 6 months are granted for a correlating fee, and are subject to interest rate adjustment based on current market conditions. For further detail on extension request process requirements and fees, please see MFAH Forwards Product Details and Fees or contact CRF.
Delivery Assurance:	If the borrower is unable to deliver the mortgage loan for any reason prior to expiration of the forward period, the loan is subject to a non-delivery fee equal to the net present value of the difference in loan cash flow based on the forward interest rate, less the then-current CRF interest rate (at the point of non-delivery), that would be earned over the life of the loan. This Delivery Assurance must be paid prior to release of the delivery assurance note and mortgage (subordinate mortgage) securing the forward commitment.
Property Stabilization:	The permanent loan will close upon project completion, provided CRF is in receipt of a certificate of occupancy for all units and 90% occupancy for 90 previous consecutive days at full economic rents (no concessions).
Loan Resizing:	Following forward commitment issuance, loans that increase or decrease more than 5% of the original committed loan size are subject to loan resizing. For further detail on loan resizing, please see MFAH Forwards Product Details and Fees or contact CRF. Loans that increase or decrease more than 15% are considered a material change and are subject to new underwriting and considered a new commitment, and subject to the non-delivery fee.
Prepayment Fee on Permanent Loan:	Lockout or yield maintenance for a minimum of 15 years, and thereafter prepayment is allowed for a fee equal to 1% of the outstanding loan balance. However, no prepayment premium shall be due for prepayment occurring within 180 days prior to the scheduled maturity date of the mortgage loan.

Security:	Permanent loan must be secured by a first lien on the real estate being financed.
Underwriting Requirements:	Management Expertise — The projected Sponsor, Developer, Property Management Company and Tax Credit Investor must have adequate experience to successfully support and manage the project during the term of the loan. Debt Service Coverage — Minimum debt coverage ratio of 1.15:1 for 9% LIHTC projects and 1.20:1 for 4% LIHTC projects, based on annualized financial statements. The gross rental income, Gross Potential Rent (GPR), shall be underwritten as the lower of actual rent per unit or the LIHTC maximum allowable rent. Vacancy will be underwritten at a minimum of the blended vacancy based on —10% for non-LIHTC units, 7% for LIHTC units and 5% for age-restricted LIHTC units. If the property's local submarket is less than 85% occupancy, an additional 2% vacancy will be added to the underwritten vacancy calculation. Replacement Reserves – $300 per unit per year paid-in from monthly cash flow. Funds shall be held as a reserve for capital repairs. Debt Service Reserves – Prior to funding, an amount equal to 3 months debt service must be held in a Debt Service Reserve, to be drawn upon if net cash flow from operations is less than the debt service expense. If Debt Service Reserve is drawn upon, subsequent months with excess cash flow after debt service must be deposited into the Debt Service Reserve until it contains an amount equal to 3 months of debt service. Site Inspection – A site inspection is required prior to permanent loan purchase.
Servicing:	Loans are servicing released when purchased by CRF.
Documentation Requirements:	Loans are servicing include:

- Lending partner's credit memo (List of topics to be discussed available)
- Sources and uses of funds
- Construction loan draw schedule and equity investment schedule
- Projected lease-up or market absorption of units
- Borrower and property manager's ability to comply with regulatory requirements, if applicable, including LIHTC compliance and any environmental regulations.
- Commercial lease space description and tenant information
- Projected income statement/balance sheet
- Description of Low Income Use Restriction Agreement or other such covenants
- Description and commitments for all sub-debt including repayment terms
- Tax credit allocation letter from allocating agency
- Third party reports—market study, environmental phase I, appraisal

Please contact Colleen Schwarz at colleen@crfusa.com or at 720.289.2439 for full list of documentation requirements.

ABOUT CRF

Community Reinvestment Fund, USA, a Minneapolis-based nonprofit organization and certified Community Development Financial Institution, is the nation's leader in bringing capital to public and private nonprofit community development lenders through the secondary market for loans. Formed in 1988, CRF has injected more than $1 billion into low-income and economically disadvantaged communities around the country to help stimulate job creations and economic development, provide affordable housing and support community facilities.

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