Mixed-Income Rental Program Term Sheet

Product Description:	Taxable and tax-exempt loans for the purpose of developing mixed-income properties.
Affordability Requirements:	For tax exempt financing, properties must meet one of the following criteria: • 20% of the units are affordable to households at 50% median income; or • 40% of the units are affordable to households at 60% median income. Affordability requirements are required for the term of the RIHousing loan but in no event shall they be less than 30 years.

<u>Underwriting Parameters</u>

Maximum Loan Amount:	Maximum 90% of the appraised value
Debt Service Coverage:	Minimum 1.2 or higher depending on risk
Loan Term:	Both 30 and 40 year fully amortizing terms available.
Recourse:	Loans are non-recourse secured by a first mortgage lien on both land and improvements.
Vacancy:	5 percent on affordable units; a minimum 5% on market units or higher subject to review of market feasibility study.
Credit Enhancement:	Credit enhancement is typically provided through FHA and is included in the interest rate.
Unit Distribution:	Affordable units should be interspersed throughout the development and be largely indistinguishable from the market units.

Unit Sizes:	The number of affordable units per bedroom size should be proportionate to the overall breakdown of units in the development.

Rates & Fees

Interest Rates:	RIHousing has both taxable and tax-exempt financing. A fixed rate will be determined using our cost of funds plus an appropriate margin dependent on market conditions, loan size and other relevant credit considerations plus credit enhancement. Please contact the Development Division for current rates.
Origination Fee:	2% of the first $5,000,000; 1% thereafter payable at closing.
LIHTC Allocation Fee: **(if applicable)**	4%: 1 percent of 10-year allocation 9%: .5 percent of 10-year allocation

Due Diligence Requirements

Lease-up Reserve:	A lease-up reserve to cover projected initial operating deficits will be required.
Operating Reserve:	An Operating Reserve equal to six months of operating expense and debt service is required at closing. For existing fully occupied developments, a lesser amount may be allowed on a case-by-case basis.
Replacement Reserves:	Typically, a replacement reserve equal to the total of the first year RR escrow deposits is required at closing. Additional amounts may be required depending on the amount of annual deposits and the projected capital needs of the development.
Tax and Insurance:	Borrower will be required to capitalize 6 months tax and insurance escrows and make monthly payments equal to one-twelfth of the annual premiums.
Third Party Fees:	The Borrower will be responsible for paying any and all third-party fees required to complete the due diligence review to close and bond the transaction. Costs may be capitalized in the development budget.

Bond Fees:	The Borrower will be responsible for paying the full cost of issuance for both taxable and tax-exempt bonds. Costs may be capitalized in the development budget.
Developer Fee:	Must be in conformance with our Developer's Handbook.
Appraisal/Market Study:	RIHousing will commission and must approve both a market feasibility study and an appraisal.
Environmental Review:	Phase I Site Assessment, performed by a firm acceptable to RIHousing. Phase II reports, asbestos, radon, PCBs and lead surveys as necessary.

This is not an offer to make a loan. This term sheet serves as an outline of this program's underwriting criteria and is for discussion purposes only. For more information, contact Anne Berman, Director of Development, at (401) 457-1269.

July 2017