



NATURALLY OCCURRING AFFORDABLE HOUSING (“NOAH”) LOAN PROGRAM DESCRIPTION

- Applicant:** [XXXX and to-be-determined co-applicants]. (the “Applicant”)
- Borrower:** A to-be-determined single asset entity acceptable to RIHousing in all respects.
- Subject Property:** A XX-unit multifamily property located at [Sample Street in XXXX], RI. (the “Property”)
- Loan Type:** A first mortgage loan to be referred to as the “Loan”.
- Purpose:** The proceeds of the Loan will be used for acquisition and rehabilitation of the Property.
- Loan Amount:** A to-be-determined amount, currently estimated to be [\$XXXX], subject to RIHousing’s underwriting standards.
- Amortization:** Up to thirty (30) year amortization. [An amortization term with a balloon payment before full maturity is allowable in certain situations]
- Interest Rate:** To Be Determined but fixed for term of loan. The interest rate is based on current market conditions and is subject to change.
- Loan-to-Value & Appraisal:** The Loan amount will be limited to the lower of 85% of the as-is value based on an RIHousing-commissioned appraisal or 1.20 debt service coverage.
- Debt Service Coverage:** A minimum of 1.20 on the Loan tested annually.
- Vacancy Rate:** Minimum vacancy rate of 5% is applied for initial underwriting.
- Tax and Insurance:** Three (3) months will be held in escrow by the property management agent and verified annually with Lender.
- Operating Reserve:** Three months debt and operating expenses funded at closing. The operating reserve will be released in 2 consecutive annual installments starting after the second full year of stabilization if debt service is equal to or greater than 1.2, and the borrower is in compliance with all loan documents.

Replacement Reserve:	\$300 per unit [or higher/lower if required by Capital Needs Assessment]
Construction Contingency:	If required, the budget for Development, including all budget line items, is subject to RIHousing approval. The budget shall include a hard cost contingency no less than 5% of budgeted hard costs.
Affordability Restriction:	A minimum of 40% of the units will be restricted to 80% of Area Median Income (“AMI”) until the later of twenty (20) years or Loan maturity.
Prepayment and Refinance:	Prepayment of the Loan is restricted until the 5 th year following the closing date. A prepayment penalty of 5% of the outstanding principal balance will be applicable in the 5 th year, reducing by 1% per year until the 10 th year.
Borrower Financial:	The Borrower’s’ financial condition(s) must be acceptable to RIHousing in all respects. Borrower will be required to demonstrate a minimum of \$250,000 in liquid assets to qualify for the Loan. Annual submission of a corporate or personal financial statement of the borrower(s) as well as yearly submission of personal and business income tax returns. Two years of tax returns are to be submitted with this request.
Loan Guarantees:	The Loan will be non-recourse, except for certain carve-outs related to rental achievement, debt service coverage and environmental liability.
Subordinate Debt:	Any subordinate debt, and their respective loan documents must be acceptable to RIHousing in all respects.
Loan Security:	First priority mortgage on the Development; a first priority collateral assignment of rents and leases covering the premises; pledges of reserve accounts; a first priority security interest in Borrower's personal property, fixtures and equipment pertinent to the operation and maintenance of the Premises as RIHousing shall designate at any time or from time to time; and any parking rights appurtenant to all commercial and residential leases that may be in effect.
Disbursement Schedule:	Loan proceeds will be advanced to the borrower at closing.

Fees and Expenses:

Origination Fee: 1% of the Loan amount

Transaction Costs: The Borrower shall pay RIHousing's costs and expenses of due diligence, underwriting and closing this transaction including the fees and disbursements of our independent counsel.

Property Condition: Borrower will maintain the property condition consistent with RIHousing's minimum standards for non-subsidized apartments. RIHousing reserves the right to inspect the Property annually.

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