



## Workforce Housing Innovation Challenge (“WHIC”) Loan Program Term Sheet

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| <b>Eligible Applicants:</b>    | For-profit and non-profit developers.  |
| <b>Eligible Activities:</b>    | New construction or adaptive reuse for rental. Rehabilitation of occupied rental housing currently operating without any affordability restrictions is also eligible for WHIC financing.   |
| <b>Affordability Term:</b>     | Minimum of 30 years.   |
| <b>Maximum Loan Amount:</b>    | The maximum loan amount per project will be the lesser of \$2,500,000 or \$80,000 per assisted workforce housing rental unit, but in no event can it exceed 25% of the total development cost (TDC). In certain markets, and subject solely to the approval of the Executive Director, RI Housing will consider adjusting the amount of WHIC financing allocated to a project to allow for an increase in the total number of workforce housing units. |
| <b>LTV:</b>                    | The principal amount of the Loan shall be subject to senior lender’s loan-to-value (LTV) requirements. All-in (including RI Housing subordinate financing) LTV shall not exceed 90%.   |
| <b>Qualified Expenditures:</b> | Loan funds can only be used for qualified expenditures. Qualified expenditures generally include acquisition, construction of improvements, site costs, and related financing costs. Ineligible costs include, but are not limited to staffing costs, resident programs, reserves and non-residential expenses.  |
| <b>Interest Rate:</b>          | 0%, non-amortizing deferred payment loan.  |
| <b>Origination Fee:</b>        | 1% of the WHIC Loan Amount paid at closing and deducted from the total WHICH Loan proceeds.  |
| <b>Maturity:</b>               | 30 years; due upon the earlier of: <ul style="list-style-type: none"><li>• Maturity;</li><li>• Sale or refinancing of the property; or</li><li>• Upon foreclosure or default under the regulatory restriction.</li></ul>   |
| <b>Disbursement Schedule:</b>  | Monthly  |

**Right of First Refusal (ROFR)**

**for Permanent Loan:** RIHousing will have the opportunity to provide the permanent financing by matching the terms and conditions of the commitment of permanent financing from another lender.

**Due Diligence:** Prior to Closing, RIHousing shall conduct a due diligence review of documentation relating to the proposed financing structure including loan documents, senior lender's closing agenda items, title insurance policy and Borrower financial statements.

**Reserves:** Shall be subject to senior lender's customary requirements.

**Disbursement of Proceeds:** RIHousing's loan funds shall be disbursed in conjunction with construction completion and shall be subject to the senior lender's customary construction disbursement procedures including inspection by a third-party architect and receipt of title endorsements. Borrower equity of a minimum of 10% of total development costs must be invested prior to any disbursement of RIHousing's loan proceeds.

**General Contractor:** The general contractor must be satisfactory to the senior lender in all respects. Contractor to provide a guaranteed fixed price contract.

**Required Affordability:** All units assisted under the program must serve households with gross annual income at or below 120% of area median income (as defined by HUD). A minimum of 20 % of units must serve households at or below 100% of area median income. Rents must be set at the applicable area median income(s) established for the development. All workforce units must be equally dispersed throughout the development.

**Compliance Monitoring:** To ensure compliance with program regulations, the property and restricted units will be subject to physical inspection and review of tenant files once every three (3) years. The owner will be required to submit current tenant occupancy information on all restricted units through RIHousing's online compliance portal. Annually, the owner will also provide RIHousing with a schedule of rental charges for all units. Income eligibility shall be determined in accordance with HUD Handbook 4350.3.

**Additional Conditions:**

Additional closing conditions shall include but not be limited to the following:

- (1) Satisfactory receipt, review and acceptance of senior lender's appraisal and market study.
- (2) Review and acceptance of the final Project budget.
- (3) Satisfactory receipt and review of plan and cost review by senior lender's inspecting architect.
- (4) Receipt and review of Borrower's ownership structure and documents.
- (5) Satisfactory receipt and review of environmental protocols.
- (6) Receipt and review of all permits and approvals for Project.

**Financial Reporting:**

Final loan documents to include:

- (1) Financial statements for Borrower and Project, upon request.