



RIHousing Risk Share Refinancing Term Sheet HUD/US Treasury Program

Product Description:	Permanent loan to refinance a previously preserved Section 8 development
Eligible Properties:	Properties with existing HAP contracts that have an existing Regulatory Agreement and whose loan is more than 12 years old
Maximum Loan-to-Value:	90 percent Loan to Value including equity takeouts.
Rents:	Lesser of Section 8 or Current Market Rents
Debt Service Coverage:	1.15
Loan Term:	30 – 40 year fully amortizing loans are available
Vacancy Rate:	5 percent; lower for qualifying affordable developments
Rehabilitation:	A Capital Needs Assessment must be performed and funds escrowed for all necessary repairs.
New Reserves:	The combination of the initial Operating and Replacement Reserves will be sized to equal six months of operating expenses and six months of debt service. Of this amount, the initial Replacement Reserve will generally be equal to \$2,000 per unit. We reserve the right to require a higher Replacement Reserve based upon the Capital Needs Assessment of future capital needs.
Interest Rate:	A fixed rate based on the 10-year Treasury plus approximately 2.55%. Please contact the Development Department at RIHousing for current rates.
Mortgage Insurance Premium:	Credit enhancement provided through the HUD/HFA Risk Sharing Program, minimum MIP is .125% of the outstanding loan amount annually.

Application Fee:	\$2,500 due prior to Preliminary Commitment by our Board of Commissioners for deals not currently financed by RIHousing.
Origination Fee:	2% of the first \$5,000,000; 1% thereafter
Developer Fee:	For transactions with rehabilitation, Developer Fee is a maximum of 15% of eligible costs.
Tax and Insurance:	Borrower will be required to capitalize tax and insurance escrows equal to 6 months of the annual premiums 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 the transaction. Costs may be capitalized in the development budget.
Regulatory Agreement:	Borrower is required to sign an affordability agreement restricting the units for 40 years from closing.
Preservation Fee:	The Borrower will be required to pay a Preservation Fee equal to 10% of the final equity takeout for a refinance without a sale (i.e. a non-taxable event).
Prepayment Premium:	Prepayment penalty waived based on refinancing terms with Rhode Island Housing A prepayment fee equal to the Present Value of lost income as calculated by RIHousing will be the benchmark for determining whether or not the fee is waived.
Recourse:	Loans are non-recourse secured by a first mortgage lien on both land and improvements.

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, Asst. Director of Development, at (401) 457-1269.

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