



WASATCH CAPITAL
GROUP
HUD 223(f)

PURPOSE

Acquisition and Refinancing of Multifamily Properties

Eligible Properties	Market rate properties of any class, cooperatives, affordable or subsidized housing. Student housing is allowable, but cash flows cannot assume multiple rents from one unit and rents must be in line with market rate multifamily comparables.															
Commercial Space Limitation	Limited to 25% of net rentable area and 20% of effective gross income.															
Borrower	Single asset, special purpose entity, either for profit or non-profit.															
Recourse	Non-recourse															
Interest Rate	Fixed for term of loan, determined by market conditions at time of rate lock. Rate lock deposit is 0.5% and refunded at closing.															
Loan Parameters	<p>For loan amounts up to \$75 Million:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Subsidized*</td> <td style="width: 40%;">Max. LTV 90% Min.</td> <td style="width: 30%;">DSC 1.11x 90% 80%</td> </tr> <tr> <td>Affordable**</td> <td>Max. LTV 87% Min.</td> <td>DSC 1.15x 87% 80%</td> </tr> <tr> <td>Market Rate</td> <td>Max. LTV 85% Min.</td> <td>DSC 1.18x 85% 80%</td> </tr> </table> <p>For loan amounts \$75 million and above, although HUD may impose more restrictive limits on loan amounts over \$100 Million:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Subsidized* and Affordable**</td> <td style="width: 30%;">Max. LTV 80%</td> <td style="width: 40%;">Min. DSC 1.25x 80% 70%</td> </tr> <tr> <td>Market Rate</td> <td>Max. LTV 75%</td> <td>Min. DSC 1.30x 75% 70%</td> </tr> </table> <p>*At least 90% of the units covered by a project-based Section 8 contract.</p> <p>**Regulatory Agreement in place with minimum set-aside (e.g., 40% of units at 60% AMI, or 20% of units at 50% AMI) in effect for at least 15 years after the new loan closes.</p> <p>***Refinance cost includes satisfaction of existing debt (including penalties), any needed repairs, an initial deposit to capital needs reserve, due diligence and closing costs.</p>	Subsidized*	Max. LTV 90% Min.	DSC 1.11x 90% 80%	Affordable**	Max. LTV 87% Min.	DSC 1.15x 87% 80%	Market Rate	Max. LTV 85% Min.	DSC 1.18x 85% 80%	Subsidized* and Affordable**	Max. LTV 80%	Min. DSC 1.25x 80% 70%	Market Rate	Max. LTV 75%	Min. DSC 1.30x 75% 70%
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Repair and Rehab Limitations	Up to \$15,000 per unit times a local cost factor (typically 190%-270%); additionally, repairs may not replace more than 50% of any two building systems: electrical, plumbing, mechanical, building envelope, structural.															
Term and Amortization	A maximum term of 35 years, fully amortizing.															
Prepayment and	Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); loan is fully assumable subject to															

Assumption	HUD approval.
Escrows	<p>a. Taxes, insurance and mortgage insurance premium are escrowed monthly;</p> <p>b. Capital needs reserve will be maintained with monthly deposits in accordance with HUD guidelines on a property specific basis (minimum \$250/unit/year).</p>
Mortgage Insurance Premium	1% due to HUD at closing and 0.6% annually thereafter (0.25%-0.35% for affordable and subsidized properties, 0.25% for Energy Star certified properties).
HUD Application Fee	0.30% of estimated loan amount due with submission of application.
Lender Application Fee	Generally \$25,000 to cover third-party reports and due diligence.
Rate-Lock Deposit	Rate-Lock Deposit
Other Costs	Lender's legal, title, and other standard borrower closing costs.
Third Party Reports	Appraisal, Environmental and Capital Needs Assessment
Timing	Typical application is submitted within 45-60 days of engagement, followed by 60-90 days to issuance of HUD's commitment and 30-45 days to closing.

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This term sheet sets out general guidelines and is designed as an aid to prospective borrowers and other clients. This term sheet does not represent or imply a contract or an offer to lend funds. An offer to lend funds may only be made by a signed written commitment letter to a prospective borrower. This term sheet is subject to change at any time without notice at the sole discretion of Wasatch Capital Group. Terms and conditions apply. This is not a commitment to lend.