

Term Sheet

Refinancing/Acquisition

A HUD-insured loan can be used for the acquisition or refinancing of existing apartment communities with at least three years of operating history.

Eligible Properties

Existing multifamily rental housing.

Eligible Borrowers

Single-asset entity; for-profit or non-profit owners.

Loan Amount

No maximum/minimum (limited by loan parameters).

Loan Term

Up to 35 years fully amortizing.

Underwriting Terms

Market-Rate Properties¹

Maximum LTV: 85% (80% for cash out loan)

Minimum DSCR: 1.176x

Affordable Properties²

Maximum LTV: 90% (80% for cash out loan)

Minimum DSCR: 1.11x

Affordable Properties³

Maximum LTV: 87% (80% for cash out loan)

Minimum DSCR: 1.15x

Recourse Requirements

Non-recourse, except standard carve-outs.

Escrows

Tax, insurance, replacement reserves and mortgage insurance premium escrows. Repair escrow (120% of cost) will be required if repairs are not completed and approved by HUD prior to closing.

Third-Party Reports

Appraisal, Physical Needs Assessment and Phase I Environmental Assessment. In declining markets, a market study may be required.

Interest Rates

Based on market. Set upon acceptance of Commitment and fixed for entire term. Early rate locks are available.

Prepayment Provisions

Negotiable, but typically closed for 0-2 years, with declining penalties through year 10. Fully assumable subject to HUD approval.

Mortgage Insurance Premium (Annual)

Market-Rate Properties

At 1.00% for first loan year; 0.60% annually.

Affordable Properties

At 0.25%/0.35% first loan year and annually.

To learn more about SunTrust Commercial Real Estate, visit suntrustcre.com.

¹ Includes LIHTC restricted properties without a 10% below-market rent advantage.

² Section 202 loans and projects with 90% or greater rental assistance.

³ a) Rent and income restrictions must be in place for at least 15 years after loan closing with a regulatory agreement in place requiring 20% of the units at 50% of AMI or 40% of units at 60% of AMI and rents 10% below-market; or
b) A project-based Section 8 contract in place for 10% to 90% of the units.

This term sheet is only for the purpose of setting forth standard required terms of a HUD-insured loan for informational purposes and a basis upon which the parties may be agreeable to proceed toward a potential transaction and is not intended to be a legally binding contract or to impose any liabilities or obligations on any party. The terms reflected in this term sheet are subject to change or withdrawal at any time in SunTrust Bank's sole discretion (due to market conditions or otherwise) and do not constitute a binding offer to enter into a transaction. Finalized terms and conditions are subject to further discussion and negotiation and would be evidenced by execution of definitive documentation acceptable to the parties, and it is understood that this term sheet does not set forth all of the terms of such definitive documentation. Standard credit criteria apply.