

Term Sheet

New Construction/Substantial Rehabilitation

A HUD-insured loan can be used for new construction and substantial rehabilitation of affordable and market-rate apartment communities. Substantial rehab qualifications vary depending on property geographic location.

Eligible Properties

Multifamily rental and cooperative housing.

Eligible Borrowers

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

Loan Amount

No maximum/minimum (limited by loan parameters).

Loan Term

Construction Loan: As needed

Permanent Loan: Up to 40 years (fully amortizing)

Underwriting Terms

Market-Rate Properties¹

Maximum Loan-to-Development Cost: 85%

Minimum DSCR: 1.176x

Affordable Properties²

Maximum Loan-to-Development Cost: 90%

Minimum DSCR: 1.11x

Affordable Properties³

Maximum Loan-to-Development Cost: 87%

Minimum DSCR: 1.15x

Recourse Requirements

Non-recourse, except standard carve-outs.

Conversion to Permanent Loan

Completion and cost certification. Not subject to re-underwriting.

Escrows

Tax, insurance, replacement reserves and mortgage insurance premium.

Third-Party Reports

Appraisal, market study, Plan and Cost Review and Phase I Environmental Assessment.

Interest Rates

Based on market. Set upon acceptance of Firm Commitment and fixed for entire construction and permanent term.

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: 0.65%

Affordable: 0.25%/0.35%

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.