

Term Sheet

The Credit Facility (“Facility”) provides both long-term and short-term flexible financing at a competitive price for one or multiple borrowings over the term of the Facility, secured by a single pool of cross-collateralized and cross-defaulted multifamily mortgages.

Eligible Properties

First mortgages on multifamily real estate, student housing and manufactured housing.

Eligible Borrowers

May be one or more single purpose, bankruptcy-remote entities.

Facility Size

\$55 million or more.

Minimum Term

5 years.

Maximum Term

Fixed-rate: Up to 15 years

Variable-rate: Up to 10 years with provisions for LIBOR cap protection.

LTV and DSCR

A Credit Facility is a negotiated transaction, and LTV and DSCR will depend on borrower strength and other risk characteristics of the transaction. LTV typically does not exceed 75% and DSCR can be as low as 1.25x.

Interest Rate Structures

Any fixed-rate or variable-rate portion of the Facility may be interest-only and/or amortizing, based on leverage.

Conversion to Fixed-Rate

Variable-rate portion may be converted in whole or in part to a fixed-rate portion for the remainder of the term of the Facility. If converted only in part, a minimum \$25 million outstanding variable-rate portion must remain.

Interest Rate Cap

Required for variable-rate borrowing.

Geographic Distribution

Not required.

Underwriting

Underwritten to Fannie Mae DUS[®] standards.

Substitution of Properties

Permitted. New collateral is subject to underwriting requirements and “anti-cherry picking provisions” as specified for the Facility.

Release of Properties

Permitted. Prepayment premium will be based upon the financing structure selected (fixed or variable), with prepayment options available at negotiated pricing levels.

Expansion of Facility

Permitted. Amount of allowable expansion will be determined at initial funding. Additional assets are subject to underwriting requirements as specified for the Facility.

Additional Borrowing

May be permitted based on improved property performance. When the loan amount is increased either by adding new collateral or by additional borrowing on existing collateral, the minimum increase is \$3 million.

Prepayment Premiums

Yield maintenance: Required upon early termination of all or part of the fixed-rate portion of the Facility. A defeasance option is also available. Yield maintenance is not required for termination of the variable-rate portion of the Facility.

Assumption

Assumption of conventional financing is not permitted for individual assets, but assumption of the entire Facility may be permitted, subject to SunTrust’s review and approval of the new borrower’s financial capability.

Term Sheet (continued)

Change of Borrower Management or Control

Subject to approval by Fannie Mae.

Documentation

Credit Facilities must be documented in a Master Credit Facility Agreement.

Benefits of a Credit Facility

Borrowers want:

A credit facility delivers:

Flexible options for collateral

Properties may be substituted, added or released (subject to underwriting requirements and “anti-cherry picking provisions” as specified for the Facility), and additional borrowings on existing properties may be permitted. Facility sizes may be increased during their term.

Flexible options for financing

Facility may have fixed-rate and/or variable-rate portions, with multiple options for funding both.

Predictable financing terms

Terms and conditions for borrowing under the Facility are established up front.

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

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.