

IHDA/HUD Risk Share Mortgage with U.S. Treasury Investment (FFB Mortgage)

Loan Parameter Overview	
Description	<p>First lien permanent mortgage loan financing:</p> <ul style="list-style-type: none"> • Refinance • Acquisition • Rehabilitation • New construction <p><i>Loans require FHA Risk Share Insurance with approvals handled by IHDA.</i></p>
Source of Funds	<p><u>Construction Bridge Financing:</u> 1) IHDA will bridge 9% LIHTC equity with a short-term construction bridge loan; or 2) IHDA will issue short-term, tax-exempt bonds using 4% credits to finance construction.</p> <p><u>Permanent Financing (contemporaneously with bonds for 4% credit transactions):</u> A Certificate of participation will be purchased by the U.S. Treasury pursuant to the Multifamily Mortgage Risk Sharing Program (Section 542(c)). For deals with construction loans, the permanent financing is closed and funded at the construction loan closing with additional bridge financing or 4% bonds issued and sold to investors via direct placement or a public issuance.</p>
Loan-to-Value (LTV) & Debt Service Coverage Ratio (DSCR)	<p>New Construction/Substantial Rehab (up to 40-year term) 1.11 or 90% of NOI for projects with 90% or greater rental assistance 1.15 or 87% of NOI for affordable housing transactions</p> <p>Refinance/Acquisition/Mod Rehab (up to 35-year term) 1.15 or 87% of NOI for projects with 90% or greater rental assistance 1.176 or 85% of NOI for affordable housing transactions</p> <p><i>LTV & DCR are based on FHA Risk Share Insurance standards and loan type. Maximum loan term cannot exceed 75% building's remaining economic life. Must adhere to FHA per Unit Statutory Limit. Assumes rents are at least 10% below appraised market rents.</i></p>
Affordability Requirements	As limited by LIHTC program and Land Use Restriction Agreement (LURA).
Assumability	Subject to IHDA and HUD approval.
Recourse	Non-recourse with standard industry carve outs
3rd Party Studies	Sponsors are required to provide studies, reliance letters, and insurance certificates (when required) from vendors that follow IHDA's standards. Studies include, but are not limited to: market study, environmental, appraisal, insurance, and PNA.
Loan Term & Amortization	30-40 years (term depends on project type) (interest rate may vary based on term)
Interest Rate	<p>Fixed rate set daily by the U.S. Department of the Treasury.</p> <p><i>Indicative rates posted on IHDA's website and upon request. Rate lock following FHA's initial endorsement of loan for Risk Share insurance. Rate includes Mortgage Insurance Premium (MIP), servicing, and trustee/custodian fees.</i></p>
Payments	Monthly – principal and interest (30/360 calculation).
Optional Prepayment	At par on any day following 10-years after initial loan funding date.
Wage Requirements	Davis/Bacon labor standards and prevailing wage requirements apply.
Limited Distributions	Limited Distributions, including both the equity base and annual distribution percentage, may be required in accordance with IHDA's Limited Distribution policy and, if applicable, Section 8 restrictions.
Subsidy Layering Review	Required on loans with tax credits, HUD/government assistance, and/or FHA Risk Share insurance.
Guaranty / Mortgage Credit Review	Mandatory for the borrower(s), the sponsor(s), the guarantor(s), and each underlying entity/owner.
Non-refundable Application Fee	\$2,500 (credited towards Origination Fee)
Origination Fee	1.0% of the Loan Amount; \$25,000 minimum
Fees and Costs	Borrower will reimburse reasonable and customary applicable costs of IHDA including but not limited to underwriting, trustee, rating, legal and advisory fees.
Non-Refundable Good Faith Deposit	Minimum \$25,000

For more information, please visit IHDA's website (<http://www.ihda.org/developer/mfadvantage.htm>) or contact:

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The contents of this Overview are for discussion purposes only. The Authority is not obligated to make any financing available and may accept or reject applications in its sole and absolute discretion. If an application is accepted for further processing, it is only for purposes of continuing to review the application. The Authority, through its review and underwriting process, may reject, accept or modify an application at any time in its sole and absolute discretion.