



OREGON HOUSING ACQUISITION FUND LOAN (OHAF) PROGRAM GAP LOAN TERM SHEET

Description: The Oregon Housing Acquisition Gap Loan (OHAF- Gap) provides short-term financing to fill a financing gap for the acquisition of affordable multifamily housing projects with expiring federal rental subsidies (HUD or RD) or Section 42 tax credits approaching their expiration. The Gap loan will be used in conjunction with an OHAF Preservation loan.

Acceptable Borrowers: For- and non-profit entities including corporations, partnerships, limited liability companies, municipal or public corporations, or individuals that are duly authorized to conduct business in the state of Oregon.

Acceptable Property Types: Multifamily rental housing with expiring federal rental subsidies (HUD or RD) or Section 42 tax credits approaching their expiration. Each loan will have no less than 5 dwelling units, together or in aggregate, as collateral. Mixed use properties with housing and commercial are acceptable provided that the effective gross income from commercial tenants cannot exceed 20% of the total effective gross income.

Minimum Affordability: Affordability to be guaranteed for the original term of the loan.

- 1) 51% or more of the units are to be rented to households earning 80% or less of median income as defined by HUD; or
- 2) 40% or more of the units are to be rented to households earning 60% or less of median income as defined by HUD; or
- 3) 20% or more of the units are to be rented to households earning 50% or less of median income as defined by HUD.

Loan Amount: \$10,000 minimum to \$300,000 maximum.

Maximum LTV: Lesser of:

- 1) 120% of the lesser of "hypothetical" market value, or "as is" restricted value; (Calculation based on combined Gap and Preservation loan amounts); or
- 2) 120% of the projects acquisition price.

Minimum Debt Service Coverage Ratio (DCR): NA

Recourse to Borrower: Fully recourse to the Borrower. Sponsors will be required to provide a full payment and performance guaranty if a single asset entity owns, or will own, the property. Individuals will be required to guaranty a loan to a for-profit entity.

Security: Deed of Trust on the subject property, subordinate to NOAH's OHAF loan.

Interest Rate: Between 2.5% and 5%. Target is 3%. Rate is calculated by NOAH.

Term: Coterminal with the Preservation loan (maximum 48 months).

Amortization: NA

Payments: Principal and accrued interest due at loan maturity.

Pre-Payment Premium: None.

Fees: Origination: 1% of the gap loan amount
Borrower is responsible for all transaction costs.

Maximum Forward Commitment: 12 months.

Initial Term of Commitment: The term of any commitment will be (9) nine months to allow time for completion of acquisition.

Standard Reserves: NA

Property Management: As per the Preservation Loan requirements.

Required Third Party Reports: As per the Preservation Loan requirements.

General Funding Conditions: As per the Preservation Loan requirements, in addition to,

ALTA Lender's Title Insurance policy insuring subordinate lien position. All other funding sources and related terms will be acceptable to NOAH.

At closing - Evidence of payment for reimbursements of pre-development expenses.

Funds will be disbursed on a monthly draw basis upon presentation of a monthly status report and evidence of expenditures. Reimbursements will be limited to those items set-forth in the acquisition sources and uses in amounts deemed reasonable by NOAH.

Payment of developer fee from GAP proceeds is prohibited.

Underwriting Checklist: As per the Preservation Loan requirements.

Borrower Reporting Requirements As per the Preservation Loan requirements.

Please be advised that this term sheet is provided for informational purposes only, does not constitute a commitment or any offer from NOAH and is subject to change at any time. Please contact NOAH for questions related to your request or if you require additional information.