



## PERMANENT LOAN PROGRAM

### PERMANENT LOAN

### TERM SHEET

**Description:** Long-term permanent financing for affordable multifamily housing projects serving low and moderate income households.

**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 or clusters of single family dwellings, for rent or for-rent with a purchase option. 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 of the project

**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:** \$250,000 minimum with no specified maximum, but subject to Borrower concentration limits.

**Maximum LTV:** Up to 80% of stabilized "hypothetical" market value, or restricted value if there are restrictions on title which would not be extinguished upon foreclosure.

**Minimum Debt Service Coverage Ratio (DCR):** 1.20x – NOAH first mortgage payment; 1.10x on all scheduled debt payments.

**Recourse to Borrower:**

- 1) LIHTC Transactions: Fully recourse to the Borrower; Non-recourse to the assets of the partners/members, except in certain events of default.
- 2) Non-LIHTC Transactions: 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.

**Security:** 1st lien Deed of Trust with an Assignment of Leases and Rents on Secured Property, interest in personal property, and pledge of reserve accounts.

**Interest Rate:** 2.75% over the 10 year treasury, current floor is 7.25%. The interest rate may be reduced If Oregon Affordable Housing Tax Credits are awarded to the project.

**Term:** Not to exceed 30 years.

**Amortization:** 1) New Construction: Not to exceed 30 years;  
2) Existing Construction with Substantial Rehabilitation: Not to exceed 30 years.  
3) Existing Construction: Not to exceed the lesser of 25 years or remaining economic life of the project less 10 years.

**Payments:** Monthly amortizing principal and interest payments with outstanding principal due at loan maturity. In addition, escrows for taxes and insurance (as applicable) and a monthly deposit to the capital replacement reserve.

**Pre-Payment Premium:** Greater of 1% of the outstanding loan amount or standard FNMA Yield Maintenance for the yield maintenance period. Thereafter 1% of the outstanding principal balance of the loan, and then pre-payable without premium for the last 90 days of the loan term. Duration of the yield maintenance period varies based on the term of the loan.

**Fees:** Origination: 1% to 2% of the loan amount, minimum fee of \$7,500  
Good Faith Deposit of \$500 - \$1,500  
Document Preparation Fees of \$500 - \$800  
Borrower is responsible for all transaction costs.

**Maximum Forward Commitment:** 24 months.

**Standard Reserves:** Operating reserve and capital replacement reserve.

**Property Management:** NOAH will require a qualified professional property management firm or agency, acceptable to NOAH, be engaged to manage the property for the term of the loan.

**Required Third Party Reports:** FIRREA compliant appraisal, ordered by NOAH, setting forth market value, restricted value (as proposed) and investment value (if an LIHTC transaction).

Appraisal review if loan amount exceeds \$500,000.

Phase I Environmental Report and Environmental Questionnaire.

Geo-technical Report (for new construction projects).

Capital Needs Assessment which addresses (for rehabilitation projects):

- 1) overall condition of the project;
- 2) life/safety issues; and,
- 3) compliance with Fair Housing and the Americans with Disabilities Act.

Pest and Dry Rot Report (for rehabilitation projects).

Market Study (if not included in the appraisal).

Other reports as requested by NOAH.

**General Funding Conditions:** ALTA Lender's Title Insurance policy insuring 1<sup>st</sup> lien position. All other funding sources will be subordinate with terms acceptable to NOAH.

Flood Hazard Determination (obtained by NOAH)

Evidence of insurance for casualty, public liability, rental interruption and if applicable flood and boiler and machinery insurance.

Operations and Maintenance plans as required per the environmental review.

Borrower shall provide or cause to be provided to NOAH copies of a report(s), satisfactory to NOAH, prepared by the Architect, Contractor, or a Building Envelope Engineer, confirming that the building envelope water penetration risks have been mitigated.

Architect Certificate, Capital Needs Assessment or other documentation demonstrating Project's compliance with ADA requirements.

Evidence the project has achieved a minimum debt service coverage ratio of 1.20x and a minimum 90% occupancy for the 3 months immediately prior to funding.

Read and rely letter from environmental consultant/engineer.

#### LIHTC Transactions

Receipt of LIHTC award letter, Reservation and Extended Use Agreement, Carryover Agreement, final application, Declaration and Land Use Restrictive Covenant and 8609's.

Investor and Investor terms and conditions of the Low Income Housing Tax Credit acceptable to NOAH.

#### OAHTC Transactions

Receipt by NOAH of OAHTC award letter, Project Certification and OAHTC Declaration of Land Use and Restrictive Covenants.

#### **Underwriting Checklist:**

- 1) Signed Letter of Interest and Deposit
- 2) Good Faith Deposit
- 3) Preliminary Title Report with copies of all exceptions
- 4) Financial Pro forma inclusive of Income and Expense Statement and Statement of Sources and Uses
- 5) Sponsor / General Partner financial information
  - a. Borrower Certification
  - b. Financial Statements for the last three fiscal years inclusive of Income and Expense Statement, Balance Sheet and Statement of Cash flows (preferably audited)
  - c. Year-to-date Financial Statement inclusive of Income and Expense Statement and Balance Sheet (dated within last three months)
  - d. Current year budget and projected budget for the next year
  - e. Statement of Contingent Liabilities
  - f. Schedule of Real Estate Owned (Form Attached)
- 6) Market Study
- 7) Appraisal and Appraisal Review
- 8) Plans and Specifications
- 9) Description of Quality Control protocols utilized by General Contractor specifically any that address building envelope installation oversight / testing
- 10) Environmental Phase I
- 11) Environmental Engineer E & O Insurance Certificate evidencing \$1 million in coverage
- 12) Environmental Reliance Letter (NOAH to provide form)
- 13) Environmental Questionnaire or OHCS Environmental Review Checklist with Certification (NOAH to provide forms)
- 14) Geo-tech Report (for new construction)
- 15) Subsidy Documents from Non-OHCS Funding Sources
- 16) Letters of intent - tax credit investor
- 17) Evidence of property tax exemption
- 18) Information about property management agent/plan including Management and

Resident Service Plan submitted to OHCS

- 19) Architect contract
- 20) Construction contract
- 21) Development team information
- 22) Consolidated Funding Cycle Application (if applicable)
  - a. Reservation from Oregon Housing and Community Services
  - b. **LIHTC** :OHCS 9% LIHTC Reservation and Extended Use Agreement
  - c. **OAHTC**: Oregon Affordable Housing Tax Credit Program Low—Income Housing Project Reservation letter
  - d. **HOME**: Home Investment Partnership Program Grant Agreement and Home Investment Program Declaration of Land Use and Restrictive Covenants
  - e. **Trust Fund/GHAP**: Grant Program Project Use Agreement, Or, Loan documentation if structured as a loan
  - f. **Weatherization Grant**: Project Use Agreement, Declaration of Restrictive Covenants and Equitable Servitude, Low-Income Weatherization Program
- 23) BOLI Determination Letter or Legal Opinion regarding BOLI applicability
- 24) Zoning letter
- 25) Relocation Plan (if applicable)
- 26) Copies of any commercial leases

**Additional Requirements for Acquisition/Rehabilitation Projects**

- 1) Operating Statements for the last three fiscal years and year-to-date.
- 2) Capital Needs Assessment, including Pest and Dry Rot Report
- 3) Evidence that project contractor is licensed lead abatement activities, if the project was constructed prior to 1978.
- 4) Operations and Maintenance plans for properties with Asbestos and/or Lead-Based Paint.
- 5) Service contracts

**Additional Requirements for Projects with HUD Section 8 Contracts (Project Based)**

- 1) Original and Current HUD Contract, and any amendments to the Contracts
- 2) Last REAC Inspection
- 3) Determinative Criteria Package

**Additional Requirements for Projects with Condominiums or HOAs**

- 1) By laws
- 2) Declarations and Budget
- 3) Reserve study (if applicable)
- 4) Rules

**Borrower Reporting Requirements**

During the first year of the loan:

- 1) Quarterly operating statements and rent rolls for the project
- Annual borrower financial statements and/or tax returns  
Annual sponsor financial statements and/or tax returns  
Annual guarantor financial statements and/or tax returns, if applicable.  
Thereafter:

- 1) Annual operating statements and rent rolls for the project
- Annual borrower financial statements and/or tax returns  
Annual sponsor financial statements and/or tax returns  
Annual guarantor financial statements and/or tax returns, if applicable.

NOAH reserves the right to request more frequent reporting or such additional documentation as it deems necessary to adequately monitor project operations.

*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.*