

Special Needs Rental Production Program Term Sheet
Amortizing Loan

Product Description:	Amortizing loan used for the purposes of developing housing for special needs populations when a project is expected to generate sufficient net operating income (NOI) to support amortizing debt.
Eligible Developments:	Defined in the Program Regulations.
Maximum Loan to Value:	The total principal indebtedness of a borrower to the Corporation on a project shall not exceed 90% of the Appraised Value of the project. In some instances, on a case-by-case basis the Corporation may allow the total principal indebtedness to exceed 90%.
Rents:	<p>To the maximum extent economically feasible, the rents will be set at a level affordable to the targeted income and special needs populations to be served and will be determined by a demand analysis or experience and the need to serve very low income households. Owners are encouraged to seek rental subsidies for the Development.</p> <p>Restrictions on rents shall be enforced through a Regulatory Agreement on the project.</p>
Minimum Debt Service Coverage:	1.1 (Except as adjusted by the Corporation on a case-by-case basis.)
Maximum Loan Amount:	The maximum loan amount may not exceed 90% of the total project costs or the actual as-stabilized value. A \$50,000 per assisted unit limit has been established for the program. The loan amount may not exceed \$1,000,000 for any single project.
Loan Term:	Generally 30 years – May be up to 40 years depending upon cash flow.
Vacancy Rate:	5%
Required Capital Improvements:	Generally, the first seven years worth of rehabilitation as determined by a Capital Needs Assessment and any other work required by Rhode Island Housing to stabilize the development.
Reserves:	Upon financing the owner will be required to capitalize an initial Replacement and Operating Reserve account that is equal to \$2,000 per unit or \$1,000 per bed.
Interest Rate:	Loan interest rates will be determined based upon the financial feasibility and long-term affordability of the project, and on Rhode Island Housing's cost of funds plus an appropriate margin dependent upon market conditions, loan size and other relevant credit considerations.
Application Fee:	None
Developer Fee:	Ten percent (10%) of the rehabilitation expenses and five percent (5%) of the acquisition cost provided that the Developer Fee can be supported by amortizing debt and/or equity. Rhode Island Housing

reserves the right to limit the Developer Fee when grant and secondary mortgages are used to finance the transaction.

Origination Fee:	None.
Consultants/Professionals:	The borrower may use consultants and/or other professionals such as attorneys to facilitate the transaction. Financial and construction consultants will be paid through the borrower's Developer Fee. Other professional services fees, i.e. architect and engineer, may be capitalized in the development budget.
Regulatory Agreement:	Borrower will be required to execute an affordability agreement restricting the units for a period consistent with the financing period or 30 years.
Acquisition:	The acquisition price will be negotiated between the borrower and the seller but supported by an appraisal of the property.
Sale or Prepayment of Mortgage:	Rhode Island Housing prohibits the sale of the project or any interest therein without prior written approval.
Escrows:	Upon the date of financing the owner will be required to fund real estate tax and insurance escrow accounts, in amounts based on current assessments and/or invoices.
Lien Status:	<p>All loans will be secured by a first mortgage lien on the land and improvements if the borrower owns both in fee simple. If the borrower occupies the property pursuant to a ground lease, Rhode Island Housing will require a first leasehold mortgage secured by the borrower's interest in the lease and the improvements. The term of the ground lease must at a minimum be for the terms of Rhode Island Housing's first mortgage and affordability restrictions and will be in all respects satisfactory to Rhode Island Housing.</p> <p>Whenever a first lien position is determined not to be available, e.g. other Rhode Island Housing debt or federal regulations, Rhode Island Housing will allow the loan to be in a subordinate position.</p>
Recourse:	Loans are secured or collateralized by a lien on the land, improvements, project revenues and escrows. There is generally no recourse to other assets of the borrower.
Asset Management Fee:	Rhode Island Housing limits the asset management fee an owner may receive annually.

Special Needs Rental Production Program Term Sheet
Cash Flow Loan

Product Description:	Cash flow loan used for the purposes of developing housing for special needs populations when a project is unable to support amortizing debt.
Eligible Developments:	Defined in the Program Regulations.
Maximum Loan to Value:	100%
Rents:	<p>To the maximum extent economically feasible, the rents will be set at a level affordable to the targeted income and special needs populations to be served and will be determined by a demand analysis or experience and the need to serve very low income households. Owners are encouraged to seek rental subsidies for the Development.</p> <p>Restrictions on rents shall be enforced through a Regulatory Agreement on the project.</p>
Minimum Debt Service Coverage:	N/A
Maximum Loan Amount:	The maximum loan amount may not exceed 90% of the total project costs or the actual as-stabilized value. The loan amount may not exceed \$1,000,000 for any single project.
Loan Term:	Generally 30 years – May be up to 40 years depending upon cash flow.
Repayment Term:	Repayment of a cash flow loan is from cash flow remaining after the payment of operating expenses and the funding of all escrows as required by Rhode Island Housing but prior to any Return on Equity, if applicable. To the extent that interest and principal are not covered by cash flow payments, the payment of principal and interest will be deferred until the end of the cash flow mortgage term.
Vacancy Rate:	5%
Required Capital Improvements:	Generally, the first seven years worth of rehabilitation as determined by a Capital Needs Assessment and any other work required by Rhode Island Housing to stabilize the development.
Reserves:	Upon financing the owner will be required to capitalize an initial Replacement and Operating Reserve account that is equal to \$2,000 per unit or \$1,000 per bed.
Interest Rate:	Loan interest rates will be determined based upon the financial feasibility and long-term affordability of the project, and on Rhode Island Housing's cost of funds plus an appropriate margin dependent upon market conditions, loan size and other relevant credit considerations.
Application Fee:	None

Developer Fee:	Ten percent (10%) of the rehabilitation expenses and five percent (5%) of the acquisition cost provided that the Developer Fee can be supported by amortizing debt and/or equity. Rhode Island Housing reserves the right to limit the Developer Fee when grant and secondary mortgages are used to finance the transaction.
Origination Fee:	None.
Consultants/Professionals:	The borrower may use consultants and/or other professionals such as attorneys to facilitate the transaction. Financial and construction consultants will be paid through the borrower's Developer Fee. Other professional services fees, i.e. architect and engineer, may be capitalized in the development budget.
Regulatory Agreement:	Borrower will be required to execute an affordability agreement restricting the units for a period consistent with the financing period or 30 years.
Acquisition:	The acquisition price will be negotiated between the borrower and the seller but supported by an appraisal of the property.
Sale or Prepayment of Mortgage:	Rhode Island Housing prohibits the sale of the project or any interest therein without prior written approval.
Escrows:	Upon the date of financing the owner will be required to fund real estate tax and insurance escrow accounts, in amounts based on current assessments and/or invoices.
Lien Status:	<p>All loans will be secured by a first mortgage lien on the land and improvements if the borrower owns both in fee simple. If the borrower occupies the property pursuant to a ground lease, Rhode Island Housing will require a first leasehold mortgage secured by the borrower's interest in the lease and the improvements. The term of the ground lease must at a minimum be for the terms of Rhode Island Housing's first mortgage and affordability restrictions and will be in all respects satisfactory to Rhode Island Housing.</p> <p>Whenever a first lien position is determined not to be available, e.g. other Rhode Island Housing debt or federal regulations, Rhode Island Housing will allow the loan to be in a subordinate position.</p>
Recourse:	Loans are secured or collateralized by a lien on the land, improvements, project revenues and escrows. There is generally no recourse to other assets of the borrower.