



## DC Housing Finance Agency: Tax-Exempt Financing Lending Terms

<b>Loan Type:</b>	Multifamily Revenue Bond Program
<b>Total Loan Amount:</b>	Maximum 85.0% of As - Stabilized Appraised Value based on DCHFA commissioned appraisal.
<b>Bond Cap:</b>	DCHFA will issue short-term bonds to facilitate construction financing and long-term bonds to facilitate permanent financing.
<b>Interest Rate:</b>	40bps in addition to the base interest rate provided by the third-party lender.
<b>Debt Service Coverage:</b>	Minimum 1.15x  <i>Debt Service Coverage</i> will be computed based on Net Operating Income (NOI) / Annual Principal + Interest + MIP.  <i>Net Operating Income</i> is defined as Effective Gross Income <i>minus</i> Operating Expenses, Replacement Reserves and LIHTC Monitoring Fees
<b>Term:</b>	17-40 Years
<b>Amortization:</b>	35 or 40 years
<b>Prepayment Penalty:</b>	10-year lockout period, 1.0% Prepayment Penalty from Year 11 through 15, Open for prepayment after Year 15
<b>Affordability:</b>	Either: 20.0% of the units must be both rent restricted and occupied by individuals whose income is 50.0% or less of area median gross income <b>OR</b> 40.0% or more units must be both rent restricted and occupied by individuals whose income is 60.0% or less of area median gross income (AMI).
<b>DCHFA Application Fee:</b>	0.10% of total bond amount, payable prior to project inducement.

<b>3<sup>rd</sup> Party Report Deposit:</b>	\$25,000 for the procurement of 3 <sup>rd</sup> Party Reports (Appraisal, Environmental and Physical Needs Assessment); unused funds will be refunded to the borrower at closing. *Fee is waived if reports will be provided to DCHFA by construction lender.
<b>DCHFA Origination Fee:</b>	2.0% of the Total Bond Issuance, payable at loan closing
<b>Low Income Housing Tax Credit Allocation Fee:</b>	10.0% (6.0% to DCHFA and 4.0% to DHCD) of Estimated Annual Tax Credit Amount, payable at loan closing
<b>Issuer Counsel Fee:</b>	\$45,000, payable at loan closing
<b>Bond Counsel Fee:</b>	\$85,000 payable at loan closing. This is an estimate and not a firm figure.
<b>DCHFA Construction Monitoring Fee:</b>	1.0% of total construction costs, payable at loan closing
<b>Trustee Fee:</b>	\$5,625 payable at closing; \$3,875 annually thereafter
<b>DCHFA Bond Administrative Fee:</b>	0.50% of short-term bond amount and 0.40% of long-term bond amount annually during the construction period. This total amount in payable at closing.
<b>DCHFA Annual Issuer Fee:</b>	40bps annually on the outstanding bond amount.
<b>Environmental:</b>	The proposed transaction will be contingent upon DCHFA's satisfactory review and approval of a Phase I and Phase II environmental report.
<b>Reserve Requirements:</b>	DCHFA will require escrow reserves for the following: Operating Expense Reserve (minimum 3 months), Debt Service Reserve (minimum 3 months) and Replacement Reserves (minimum \$300/unit capitalized). DCHFA additionally at a minimum requires that the replacement reserves are funded annually at \$300/per unit per annum. Reserves are required to be funded at the time of conversion.
<b>Trustee Requirement:</b>	All funds must flow through the Trustee.
<b>Conversion Requirement:</b>	The standard conversion requirements associated with DC Housing Finance Agency Lending and Regulatory agreements include a-) Lien free completion of construction; b-) Verification of compliance with affordability requirements; c-) Satisfactory verification of compliance with Davis Bacon and/or other prevailing wage requirements; d-) 90.0% Physical Occupancy for 90 days; Amortizing Debt Service Coverage Ratio of 1.15x for 90 days; e-) No fees are associated with a standard conversion, there is a \$1,500 fee for each conversion

amendment, mandatory tender, early termination and extraordinary events

**Additional Lending Requirements:**

**Liquidity Requirement:**

The lesser of 10.0% of the permanent loan amount or 12 months of Principal, Interest and MIP

**Affordability Requirement:**

Affordability restrictions must be maintained for the life of the DCHFA permanent loan, but in no event less than 30 years from the date of the DCHFA loan closing. The 30-year time period is defined by the 15-year compliance period per the IRS code, with an additional 15 years governed by the extended use agreement, required by DCHFA.

**Portfolio Asset Management and Compliance Reporting Requirements:**

The standard reporting requirements associated with DC Housing Finance Agency lending and regulatory agreements include a-) Quarterly operating statements, prepared by in-house property management; b-) Quarterly occupancy reports prepared by in-house property management; c-) Annual Reporting within 90 days following the end of each fiscal year; d-) all data relating to the development required to be reported to various regulators, including (where applicable) computation of annual income required by HUD, annual Certification of Tenant Eligibility and annual Certification of Residential Rental Development

Higher of state prevailing or Davis Bacon

**Prevailing Wages:**

DCHFA maintains a strong commitment to equal employment and affirmative action practices. Owner and general contractor must negotiate affirmative action hiring and occupancy goals with the DCHFA

**Equal Opportunity Goals:**