MULTIFAMILY DEBT PRODUCTS

LOW INCOME HOUSING CONSTRUCTION LOANS

ELIGIBLE PROPERTIES

- Newly constructed or substantially rehabilitated apartments for families or the elderly in stable or improving markets with 9% low income housing tax credit reservation or 4% low income housing tax credit reservation. Mixed income and historic/LIHTC properties will also be considered.

FACILITIES

- Loans — construction and equity bridge loans
- Letters of Credit — credit enhancement on forward-funding commitments (Fannie Mae and Freddie Mac) and tax-exempt bond issues

MATURITY

- Typically 24 months. Extension options are available as conditions warrant.

REPAYMENT

- Interest Only until maturity. Advances under the facility may be prepaid, in whole or in part, without penalty.

EQUITY

- Equity resulting from the sale of tax credits to third-party investors shall be contributed to the project based upon a negotiated schedule.

PERMANENT FINANCING

- Prior to closing, the borrower shall secure permanent financing from a source acceptable to PNC Real Estate.
- The rate on the permanent financing shall either be fixed at the time of construction loan closing, or the borrower will purchase a capital market product to adequately limit the project's exposure to interest rate risk.
- A minimum 1.15 debt service coverage

INTEREST RATE

- One-month LIBOR plus spread

FEES

- Loans
  - .50% for equity bridge loans and 1.00% for construction loans
- Letters of Credit
  - Annual Letter of Credit (L/C) Fee on the face amount of the L/C, payable quarterly in arrears will be commensurate with market conditions at time of issuance.

GUARANTEES

- Loans and letters of credit shall have full joint and several recourse (completion and repayment) to the borrower and its principals. The borrower and guarantor(s) must be credit-worthy and acceptable in all respects to PNC Real Estate.

SECURITY

- First trust deed/mortgage and assignment of rents on the property being developed, as well as an assignment of construction documents. For equity bridge loans, an assignment of capital contribution is also required.

See next page >

LOAN-TO-VALUE

- An appraisal ordered by PNC Real Estate and paid for by the borrower shall be required. The maximum facility amount will be based on the lower of the following Loan-to-Value ratios:

  (a) 90% of stabilized value based upon achievable rents for 100% affordable properties, or 85% of stabilized value based upon achievable rents for mixed-income properties, plus the value of favorable financing (if any); or

  (b) 80% of the stabilized value based upon achievable rents + the value of the tax credits + the value of favorable financing.

  Achievable rents are defined as the lowest of:

  (a) The maximum rents permitted under the tax credit award restrictions;

  (b) 10% below market rents; or

  (c) The highest attainable rents forecasted for the property by the appraiser.

EXPENSES

- Out-of-pocket expenses incurred by PNC Real Estate shall be paid by the borrower. These include fees and expenses of any of our legal counsel, appraisers, inspecting architects and environmental consultants.

READY TO HELP

PNC Real Estate is a leading provider of banking, financing and servicing solutions for commercial real estate clients across the country. Our comprehensive array of capabilities includes acquisition, construction and permanent financing for public and private developers and investors; agency financing for multifamily and seniors housing properties; and debt and equity capital for the affordable housing industry. And, through Midland Loan Services, we provide third-party loan servicing, asset management and technology solutions. Learn more at **www.pnc.com/realestate**.

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