RIHousing Bridge Loan Term Sheet

Maximum Loan Amount:

The sum of the bridge loan (the "Bridge Loan") and the RIHousing permanent loan cannot exceed 90% of the Total Development Cost ("TDC") of the project. This includes transactions in which the Bridge Loan is bridging equity from the sale of Low Income Housing Tax Credits ("LIHTC"), federal and/or state historic tax credits.

The sum of the Bridge Loan and the initial capital contributions may not exceed 90% of the gross syndication raise, subject to terms and conditions of the Limited Partnership Agreement ("LPA") and all subsequent capital contributions.

For tax-exempt transactions, the amount of the Bridge Loan in general, shall not exceed the minimum amount of loan proceeds necessary to ensure that over 50% of the aggregate basis of the project is funded with tax-exempt bond proceeds (the "50% Test"), as determined in accordance with applicable tax code provisions. Under certain circumstances, RIHousing will consider bridging historic tax credits, which exceed the minimum loan amount necessary to meet the 50% Test.

Initial Equity Installment:

The minimum initial capital contribution due at closing from syndication proceeds is 15% of the gross syndication raise.

Interest Rates:

Both taxable financing and tax-exempt financing are available. The actual rate is locked at closing. For current rates, contact the Director of Development.

Term:

12-30 months; interest only paid monthly based on the outstanding principle balance; however, once any required bonds are issued, the Borrower will pay interest only on the full amount of the Loan.

	Principal payments shall be made in accordance with the investors' scheduled capital contributions as approved by RIHousing.
Guarantee:	The Bridge Loan will be considered recourse debt. In addition to a promissory note for the Bridge Loan secured by a mortgage in favor of RIHousing, the Borrower will execute a recourse guarantee in a form acceptable to RIHousing.
Underwriting Requirements:	All standard underwriting requirements as outlined in the RIHousing *Developer's Handbook*
Eligible Borrowers:	Project sponsors must be organized as a partnership or limited liability company with the general partner or managing member having commitments from each investor to contribute equity to the project in exchange for an ownership interest conveying the tax credits, losses or other tax benefits that the project generates.
Eligible Investors:	The syndicator/investor must demonstrate the financial and managerial resources to contribute the required equity to the development.

Bridge Loan Conditions and Guarantees

Investor:	Investor must either (i) have at least an investment grade rating by a national investment advisory service (Moody's BAAA or better, Standard and Poor's BBB or better), or (ii) provide a letter of credit from an entity meeting the same rating requirements; or (iii) pledge government securities acceptable to the Executive Director in an amount equal to the investor's subscription in the project partnership. Any transfer of limited partner interest is subject to the RIHousing Transfer of Physical Assets Regulations.
General Partner:	General Partner must have sufficient resources to fund any loan security requirements of the investor.

Partnership Agreement:	Partnership Agreement must be acceptable to RIHousing. The General Partner shall in the Partnership Agreement or in such other documents as approved by RIHousing: (a) pledge to RIHousing such capital contributions as are necessary to pay the RIHousing Bridge Loan upon completion of the Development and agree that RIHousing may receive such contributions directly from the equity partner; or (b) assign its interests under the Partnership Agreement to RIHousing in the event of a default under RIHousing's loan documents. The Borrower must submit for review and approval by RIHousing the final LIHTC equity syndication agreement, including the total amount and timing of investor contributions as well as the proposed plan for funding and disbursement controls on required escrows, if any.
Origination Fee:	Origination fee of 1% on the bridge loan amount is due at closing.
Guarantor:	The Guarantor must be acceptable to RIHousing in its sole discretion.

This is not an offer to make a loan. This term sheet serves as an outline of this program's underwriting criteria and is for discussion purposes only. For more information, contact Anne Berman, Director of Development, at (401) 457-1269.

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