



Freddie Mac

Funded and Unfunded Forward Commitment

9% Housing Tax Credit

DESCRIPTION

Deutsche Bank Berkshire Mortgage provides permanent financing to build or substantially rehabilitate garden or mid-rise apartments that have received 9% tax credit allocation under Section 42 of the Internal Revenue Code. Properties with other state and federal subsidies will be considered.

BENEFITS / FEATURES

- Elimination of interest rate risk, since the interest rate is locked before construction begins.
- Easy coordination of the permanent loan commitment with construction financing.
- Flexible terms including the options to extend the forward commitment maturity date or additional proceeds, if approved by Lender.

FINANCING OPTIONS

- FORWARD RATE LOCK.....Permanent mortgage rate is locked prior to construction start. Funds are advanced to the Borrower when the mortgage is converted to a permanent loan.
- FUNDED FORWARDPermanent interest rate is locked prior to construction start and funds are advanced prior to construction to the Construction Lender. Collateral must be provided during the forward term in the form of either (i) Letter of Credit from Construction Lender, or (ii) Guaranteed Investment Contract (GIC).
- Construction phase interest rate is a floating rate based on the one-month Freddie Mac Reference Bill.
 - An interest rate cap is not required during the construction phase.
 - Single or multiple draw options available.

LOAN STRUCTURE

- LOAN AMOUNT\$4 million to \$15 million.
- LOAN TO VALUE(i) 85% (maximum); or (ii) 90% with HUD risk sharing.
- DEBT SERVICE COVERAGE.....(i) 1.15x (minimum); or (ii) 1.10x with HUD risk sharing.
- AMORTIZATION30-year amortization.
- LOAN TERM.....Forward Commitment - 12, 18, 24 or 36 months, interest-only. Two six-month extensions may be available during the construction loan period with Lender approval.
- Permanent Loan - 18 to 30 years, principal and interest.
- RECOURSELoans are non-recourse except for standard carve-out provisions.
- RATES.....Competitive rates priced daily. Call for quote.

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LOAN STRUCTURE (Continued)

SUBORDINATE DEBT Hard Debt

- 90% maximum LTV
- 1.10x minimum DSC

Soft Debt

- 100% maximum LTV
- 1.05x minimum DSC
- Different subordinate ratios considered case-by-case

REQUIREMENTS

- Approved Construction Lender must enter into a master financing agreement with Freddie Mac. Supplements to the master financing agreement will document individual transactions.
- Deutsche Bank Berkshire Mortgage will monitor construction progress periodically based on third-party reports generated by an approved architectural/engineering consultant. Construction Lender and Berkshire may use the same consultant as long as the consultant is not employed by the Construction Lender.
- Full third-party reports (appraisal, environmental, feasibility and pre-construction assessment).
- 2% Refundable Commitment Fee required at acceptance of commitment. Refunded at conversion.
- 5% Refundable Delivery Assurance Note secured by subject property. Refunded at conversion.

CONVERSION REQUIREMENTS

- Completion of construction in accordance with final plans and specifications.
- Stabilized occupancy of a minimum of 90% for 90 days, and achievement of underwritten debt service coverage.
- Minimal fees apply upon conversion.