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COMMUNITY REVITALIZATION OPTION

Permanent Rental Financing Program

Under the Community Revitalization Option, the Massachusetts Housing Partnership provides permanent financing for projects which have the potential to revitalize high-poverty neighborhoods through the development of predominantly market-rate housing, with the goal of creating sustainable mixed-income communities. With this option, MHP requires affordability at 10% of the total units – well below our standard minimum affordability requirements -- and imposes stricter underwriting requirements than under our standard Permanent Rental Financing Program. This summary of terms describes the additional loan terms that apply to these Community Revitalization projects.

Summary of Terms

- Eligible Borrowers:** Loans are available for both for-profit and non-profit entities.
- Impact of Project:** The project must be located in a high poverty area as defined by the US Census (an urban census tract or a contiguous group of urban census tracts with a poverty rate of 20 percent or more). In addition, MHP must make a finding that the project will provide a substantial impact of revitalization in the community or neighborhood surrounding the project.
- Program Affordability:** At a minimum, at least 10 percent of the units in each project financed under this Option must be rented at the lesser of 30% of 80% of area median income as defined by HUD, or 10% below comparable market rents, with corresponding income limits.
- Loan Type:** Permanent or mini-permanent take-out financing secured by a first mortgage loan. No construction or rehabilitation financing will be provided except for minor renovations funded through a holdback of a portion of the permanent loan.
- Loan Size:** Maximum loan of \$15 million; minimum loan of \$500,000.
- Term/Amortization:** Minimum of five years and maximum of 20 years, fully amortizing over a maximum of 30 years. Principal and interest are payable in equal monthly installments in arrears, with interest calculated on a 360 day year basis.
- Loan-to-Value Ratio:** Maximum of 80% for projects with 30% to 50% of the units rented at

unrestricted market rates, and maximum of 75% for projects with more than 50% of the units rented at unrestricted market rates. The market value shall be determined by an appraisal engaged by MHP.

Debt Coverage Ratio: The operating pro forma must demonstrate the following minimum debt coverages beginning in year one and extending over the life of the loan for all debt that requires payment on a current basis: 115% for projects with 30% to 50% of the units rented at unrestricted market rates, and 120% for projects with more than 50% of the units rented at unrestricted market rates.

For further information, please call MHP at (617) 330-9955 or visit us at www.mhp.net.