

 Illinois Housing Development Authority
Multi-Family Initiative Bonds Term Sheet

Overview: IHDA is offering low-cost fixed-rate permanent financing providing resources to borrowers to finance new construction, acquisition and rehabilitation or adaptive reuse of existing developments. The IHDA Multi-Family Initiative Bonds provide the availability of tax-exempt financing with a pre-determined fixed rate of interest for developments financed by bonds that close by December 16, 2010.

Loan Parameters

Loan Amount \$2 million - \$40 million. Exceptions will be considered on a case by case basis.

Interest Rate 4.35% +.50% MIP (Mortgage Insurance Premium) +.25% Servicing = 5.10% Mortgage Rate

IHDA is able to commit to this rate for developments financed by bonds that close by December 16, 2010 as this rate has been locked with the U.S. Treasury Department as purchaser.

Maximum Loan Term Up to 40 years + up to 2 years construction. Full amortization

Debt Coverage Ratio Minimum 1.20

Loan to Cost Lower of up to 90% LTC or 100% LTV.

Volume Cap Volume cap to be provided by IHDA.

Prepayment Lockout Tax-exempt occupancy and use restrictions will apply (not less than 15 years) but loan prepayment terms are negotiable. Borrowers will be required to execute a regulatory agreement with IHDA, whereby the borrower agrees to keep the agreed upon units affordable for the agreed upon affordability period.

Income & Rent Requirements A minimum of 20% of the units must be rented at or below the maximum rent limits for households earning at or below 50% of the area median income (AMI), or a minimum of 40% of the units must be rented at or below the maximum rent limit for households earning at or below 60% of the AMI. Tenant income restrictions and rent limit restrictions remain in effect for the life of the loan.

Rehabilitation Requirements Rehabilitation costs must be not less than 15% of the bond amount.

Eligible Borrower Must be a single-purpose entity.

Liability Non-recourse after construction, except for usual carve-outs (fraud, environmental, etc.)

Return on Equity Established by IHDA and limited to 2 times the yield on a 30-year GinnieMae mortgage certificate, as of the date of the loan commitment.

Reserve requirements Replacement reserves, real estate tax and insurance reserves, initial rent up reserve, operating reserve and debt service reserve.

Letters of Credit requirements Construction completion assurance and working capital/latent defects.

Fees

\$2,500	Initial Application Fee
\$25,000	Good Faith Deposit (Netted from origination fee at closing) due at term sheet acceptance
\$25,000	IHDA Legal Fees
\$75,000-\$90,000	(approximately) for third party reports including market study, PNA, environmental study, green initiatives, etc.
Greater of 2% or \$75,000	Origination fee due at initial loan closing (% par amount of bonds)

Timing IHDA will issue Conditional Term Sheet within 45 days after receipt of application. The terms are subject to bond counsel review, loan committee and IHDA board approval.

Loan Requirements Must be insured by FHA. Please contact IHDA for more information regarding submitting a loan application for processing.

More Information Contact:
 Underwriting and application questions:
 Steve Gladden at 312.836.5351
 Program questions: Nicki Pecori at 312.836.5305 or
 Bill Smythe at 312.836.5212

- This program is subject to compliance with the 2010 QAP for tax-exempt financing.
- This program is subject to applicable prevailing wage.
- Applications meeting one or more of IHDA's Comprehensive Plan initiatives will be given priority:
 - Preservation
 - Live near work/live near transit
 - Homeless and at risk of homelessness
 - Persons with disabilities
 - Seniors
 - Families earning below 50% AMI, with emphasis below 30% AMI.

IHDA reserves the right to amend these terms and conditions at its sole discretion at any time.