



DRAFT

TERM SHEET FOR MIXED-INCOME LOAN PROGRAM

<p>Program Description</p>	<p>The CalHFA Mixed-Income Loan Program (“Mixed-Income Program”) provides competitive long-term financing for newly constructed multifamily housing projects restricting units (tax credit or CalHFA) between 30% and 120% of county Area Median Income (“AMI”).</p> <p>The Mixed-Income Program must be paired with CalHFA’s Conduit Bond Issuance Program and a CalHFA Mixed-Income Preferred Construction Lender. Additionally, the program must be paired with CalHFA’s Permanent Loan product or a sponsor must work with a CalHFA Mixed-Income Preferred Permanent Lender. The Mixed-Income resources will take the form of a subordinate loan to incentivize newly developed multifamily housing projects that serve a range of very low to moderate income California renters. Eligible projects must create newly constructed regulated units that meet the income and occupancy requirements reflected below.</p>
<p>Program Qualifications</p>	<ul style="list-style-type: none"> • Available to for-profit, non-profit, and public agency sponsors. Development teams must meet CalHFA experience requirements. • Subsidy resources must be used in conjunction with CalHFA’s Conduit Bond Issuance Program and a construction loan from a CalHFA Mixed-Income Preferred Construction Lender. • Subsidy resources must also be used in conjunction with CalHFA’s permanent first-lien mortgage financing or financing from a CalHFA Mixed-Income Preferred Permanent Lender. • Financing Structure: 1) Tax-exempt Bond and 4% tax credit projects where at least 51% of the units in each project must be tax credit financed or 2) Qualify as a mixed-income project under the California Debt Limit Allocation Committee’s (CDLAC) regulations (50% or fewer units designated as tax credit or tax-exempt bond restricted) and use an allocation of private activity bonds to finance the project. • Projects must have site control and be prepared to submit to CDLAC and TCAC by no later than the December 2019. CDLAC Allocation meeting and will only receive funds if bonds are issued within the issuance timeframes outlined in the CDLAC resolution.

CalHFA Mixed-Income Preferred Construction Lender Qualifications	<ul style="list-style-type: none"> • Must have closed construction loans for 1) eight tax-exempt bond and 4% tax credit projects nationally or 2) five tax-exempt bond and 4% tax credit projects located in California since January 2014. • Must execute a Mixed-Income Preferred Lender Agreement with CalHFA by January 31, 2019
CalHFA Mixed-Income Preferred Permanent Lender Qualifications	<ul style="list-style-type: none"> • Must have closed permanent loans for 1) eight tax-exempt bond and 4% tax credit projects nationally or 2) five tax-exempt bond and 4% tax credit projects located in California since January 2014. • Must execute a Mixed-Income Preferred Lender agreement with CalHFA by January 31, 2019
Permanent First Lien Loan	<ul style="list-style-type: none"> • Provided by CalHFA or a CalHFA Mixed-Income Preferred Permanent Lender • Minimum loan amount of \$5 million • Minimum 1.15x for debt service coverage ratio
Construction First Lien Loan	<ul style="list-style-type: none"> • Provided by a CalHFA Mixed-Income Preferred Construction Lender

<p>Limitations</p>	<ul style="list-style-type: none"> • Use cannot be combined with the Tax Credit Allocation Committee's (TCAC) 9% program • Use cannot be combined with the Department of Housing and Community Development's (HCD) State programs except for those programs that are administered by HCD on behalf of local jurisdictions including HOME and CDBG • Projects that have a below market rate component as a result of an inclusionary obligation or are 100% below market as a result of an Inclusionary obligation must demonstrate master developer commitment through a dollar-for-dollar match of CalHFA's resources. Match can be obtained through a monetary match or equivalent in-kind contributions (e.g., land donation, land use fee concessions.) • At the time of application to CalHFA, a project must not have already received an allocation of 4% tax credits from TCAC or bonds from CDLAC. • No one sponsor may receive more than \$10 million of subsidy per year. • No one county may receive more than \$15 million of the subsidy per year. • At least 40% of projects funded must be have at least 25% three bedroom units. • No more that 40% of projects may be age restricted. • Projects will not be eligible for subsidy resources from CalHFA in addition to this program.
<p>Preferences</p>	<ul style="list-style-type: none"> • Projects restricting at least 10% of the units to moderate income households, 81% to 120% AMI (CalHFA restricted), will be prioritized over other projects. • Of the projects that restrict 10% of the units for moderate income households, preference will be given to projects with the lowest CalHFA subsidy request per unit.

<p>Mixed-Income Project Occupancy Requirements</p>	<ul style="list-style-type: none"> • Must maintain either (a) 20% of the units must be rent restricted and occupied by individuals whose incomes are 50% or less of AMI with adjustments for household size (“20% @ 50% AMI”), OR (b) 40% or more of the unit types must be both rent restricted and occupied by individuals whose income is on average 60% or less of the AMI but no greater than 80% AMI, with adjustments for household size (“40% @ average 60% AMI”): in the latter case, a minimum of 10% of the unit types must be at 50% or less of AMI (“10% @ 50% AMI”). • For tax credit transactions not considered mixed-income by CDLAC, an average affordability of tax credit restricted units of no less than 58% AMI must be obtained. • For tax credit transactions not considered mixed-income by CDLAC, at least 20% of the tax credit restricted units must be restricted at 80% AMI subject to a market study demonstrating the 80% is 10% below market. • These restrictions will remain in effect for up to 55 years.
<p>Mixed-Income Subordinate Loan</p>	<ul style="list-style-type: none"> • Maximum loan amount of \$5 million, exceptions for projects over 125 units will be considered • Maximum loan amount of \$40,000 per restricted (tax credit or CalHFA) units (30%-120% AMI) • Loan size based on project need but cannot be more than 50% of the permanent loan amount
<p>Mixed-Income Subordinate Loan Rates & Terms</p>	<ul style="list-style-type: none"> • Interest Rate – 3.00% simple interest • Loan Payment – Residual receipt repayment based on cash flow analysis and split 50% to Owner and 50% to CalHFA and other residual receipt lenders. Of the 50% residual lender split, CalHFA’s payment equals to proportionate share of total subordinate debt. Potential deferment possible for up to 15 years. • Loan and Affordability Term – Up to 55 years • Assignability – Consent will be considered • Prepayment – May be prepaid at any time • Subordination – A subordination request in conjunction with a resyndication, refinance, or ownership transfer will be considered. To the extent a longer loan term is requested, subordination will be negotiated. • Funded – Only at permanent loan conversion
<p>CalHFA Conduit Bond Program</p>	<ul style="list-style-type: none"> • For more information on CalHFA’s Conduit Issuer Program and the fees associated with it, visit CalHFA’s website http://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-conduit.pdf

<p>CalHFA First Lien Permanent Loan Rate & Terms (subject to change)</p>	<p>For more information on CalHFA’s Permanent Loan Program and the fees associated with it, visit CalHFA’s website https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf</p>
<p>Program Fees (subject to change)</p>	<ul style="list-style-type: none"> • Mixed-Income Loan Program Fees <ul style="list-style-type: none"> • Program Application Fee: \$5,000 non-refundable, due at time of CalHFA application submittal • Loan Fee: 1.00% of the loan amount (50% due at final commitment and 50% due at loan close) • Legal Fee: \$15,000, due at loan closing (applicable if CalHFA is not providing permanent financing) • Mixed-Income Loan Program Fee Paid to CalHFA: 0.35% ongoing annual fee, commencing at permanent loan conversion, calculated based on the principal balance of an amortization schedule with the following assumptions: i) 55-year level-amortization; ii) start date, interest rate and the loan amount consistent with Permanent First-Lien Loan. (applicable if CalHFA is not providing permanent financing) • Conduit Bond Program Fees <ul style="list-style-type: none"> • Program Application Fee: Paid via Mixed Income Application Fee • Issuance Fee: 1) The greater of \$15,000 or 0.2% of the Bond amount if less than \$20 million or 2) If more than \$20 million: \$40,000 + 0.10% of the amount above \$20 million • Public Sale: \$5,000-\$10,000 when bonds are sold to the public • Monitoring Fee: \$7,500 per year • Required CDLAC Fees • If CalHFA is selected as the permanent lender, please see CalHFA terms sheet for first mortgage loan fees, credit enhancements, trustee fees, legal fees, inspection fees, administrative fees https://www.calhfa.ca.gov/multifamily/programs/forms/termsheet-perm-tax-exempt.pdf
<p>Questions</p>	<p>Questions regarding the Mixed-Income Loan Program can be directed to:</p> <ul style="list-style-type: none"> • Jeree Glasser-Hedrick, Director of Business Development and Government Relations • 500 Capitol Mall, MS 1420, Sacramento, CA 95814 • Phone: 877.922.5432 or directly at 916.326.8093 • Email address: JGlasser@calhfa.ca.gov

IMPORTANT DISCLOSURE INFORMATION:

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. This program description is subject

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