

## CDA Rental Housing Program Loan Term Summary

MD DHCD & CDA, RHW (4% LIHTC/MBP) and RHFP (9% LIHTC), Affordable Rental Housing Projects

Loan Product	1. Standard Surplus Cash Loans	2. DHCD Flex Rate Loans	3. DHCD Minimum Required Payment Loans	4. 0% Deferred Non-amortizing Equity Participation Loans	5. Amortizing Required Repayment Loans
<b>A. Policy Objective</b>	Incentivize private capital formation through LIHTC and tax-exempt bond issuance for well-underwritten affordable rental housing projects (100% LIHTC, 80-20) through long-term subordinate subsidy capital at low interest rates and flexible repayment terms	Incentivize private capital formation through LIHTC and tax-exempt bond issuance for well-underwritten affordable rental housing projects (100% LIHTC, 80-20) through long-term subordinate subsidy capital at flexible interest rates, repayment terms balancing assured repayment of DHCD gap loans and operating expense and cashflow flexibility	Incentivize private capital formation through LIHTC and tax-exempt bond issuance for well-underwritten affordable rental housing projects (100% LIHTC, 80-20) through long-term subordinate subsidy capital at flexible interest rates, repayment terms balancing assured repayment of DHCD gap loans and operating expense and cashflow flexibility	Incentivize private capital formation through LIHTC and tax-exempt bond issuance for well-underwritten affordable rental housing projects (100% LIHTC) through long-term subordinate subsidy capital to non-profit organizations and projects with extremely high very low and low income unit affordability restrictions, offered at 0% interest rates and capital event driven principal repayment subject to equity sharing	Incentivize private capital formation through LIHTC and tax-exempt bond issuance for well-underwritten affordable rental housing projects (100% LIHTC, 80-20) through long-term subordinate subsidy capital at below market interest rates and mandatory repayment of DHCD gap loans, with operating expense flexibility
<b>B. Benefits to Developers</b>	Long-term gap financing, loss protection and interest rate subsidy for affordable rental projects, flexibility with repayments subject to available cash flow. Paired with 4% LIHTC, MF Bond financed loans, or 9% LIHTC	Long-term gap financing, loss protection and interest rate subsidy for affordable rental projects. Reason for the rate flexibility is to achieve desired TDSCR to assure the gap loans are repaid with certainty. Paired with 4% LIHTC, MF Bond financed loans, or 9% LIHTC	Long-term gap financing, loss protection and interest rate subsidy for affordable rental projects, partial flexibility with repayments subject to available cash flow subject to minimum required payments. Paired with 4% LIHTC, MF Bond financed loans, or 9% LIHTC	Long-term gap financing, loss protection and interest rate subsidy for affordable rental projects, fully deferred debt service. Paired with 4% LIHTC, MF Bond financed loans. Restricted to non-profit organizations with majority ownership and projects with extremely high very low and low income unit affordability restrictions	Long-term gap financing, loss protection and interest rate subsidy for affordable rental projects, with assured debt service repayments. Paired with 4% LIHTC, MF Bond financed loans, or 9% LIHTC

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<b>C. Interest</b>	0% interest during the construction loan period; 2% simple interest during the permanent loan period	0% interest during the construction loan period; range between 1% -3% simple interest during the permanent loan period	0% interest during the construction loan period; 2% simple interest during the permanent loan period	0% interest during the construction loan period; 2% simple interest during the permanent loan period	0% interest during the construction loan period; range between 1% -3% simple interest during the permanent loan period
<b>D. Construction Loan Period and Interest Only Period</b>	No payments during construction loan period, not to exceed three (3) years followed by up to two (2) years of interest only period for a total not to exceed five (5) years.	No payments during construction loan period, not to exceed three (3) years followed by up to two (2) years of interest only period for a total not to exceed five (5) years.	No payments during construction loan period, not to exceed three (3) years followed by up to two (2) years of interest only period for a total not to exceed five (5) years.	No payments during construction loan period, not to exceed three (3) years followed by up to two (2) years of interest only period for a total not to exceed five (5) years.	No payments during construction loan period, not to exceed three (3) years followed by up to two (2) years of interest only period for a total not to exceed five (5) years.
<b>E. Permanent Loan Period</b>	Permanent loan period is up to 40 years. If Interest Only period is chosen, the permanent loan period will be reduced by the duration of Interest Only period. Permanent Loan period requires level annual payments of principal and interest under RHFP and RHW subject to surplus cash calculation as long as the loan is fully amortized over the Permanent Loan period.	Permanent loan period is up to 40 years. If Interest Only period is chosen, the permanent loan period will be reduced by the duration of Interest Only period. Permanent Loan period requires level annual payments of principal and interest under RHFP and RHW as long as the loan is fully amortized over the Permanent Loan period.	Permanent loan period is up to 40 years. If Interest Only period is chosen, the permanent loan period will be reduced by the duration of Interest Only period. Permanent Loan period requires level annual payments of principal and interest under RHFP and RHW as long as the loan is fully amortized over the Permanent Loan period.	Permanent loan period is up to 40 years. No required or surplus cash repayments unless triggered by qualified liquidity events and capital distributions	Permanent loan period is up to 40 years. If Interest Only period is chosen, the permanent loan period will be reduced by the duration of Interest Only period. Permanent Loan period requires level monthly payments of principal and interest under RHFP and RHW as long as the loan is fully amortized over the Permanent Loan period.

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<b>F. Payment Dates</b>	Annual payments are due on April 1st or three (3) months after the end of the borrower's fiscal year	Annual payments are due on April 1st or three (3) months after the end of the borrower's fiscal year.	Annual payments are due on April 1st or three (3) months after the end of the borrower's fiscal year.	No payments required unless triggered by liquidity events or capital distributions	Monthly interest-only and amortizing principal and interest debt service payments are due in arrears on the 1st of each month following conversion to permanent phase
<b>G. Initial Payments</b>	First annual payments are interest only during initial lease up (where applicable), not to exceed 2 years. Interest only payments are required, i.e. they are not subject to surplus cash calculation, and they are due on April 1st	First annual payments are interest only during initial lease up (where applicable), not to exceed 2 years. Interest only payments are required.	First annual payments are interest only during initial lease up (where applicable), not to exceed 2 years. Interest only payments are required.	No payments required unless triggered by liquidity events or capital distributions	All debt service payments are required monthly interest only or amortizing principal and interest payments during permanent phase
<b>H. Regular Permanent Loan Payments</b>	Level annual payments of principal and interest are based on the lesser of (i) 75% of surplus cash; or (ii) an amortized amount of principal and interest to ensure the loan is fully repaid within forty (40) years.	Required level annual payments of principal and interest are based on annual debt service payments (principal and interest), to ensure the loan is fully repaid within 40 years.	Required 50% of principal and interest of scheduled annual debt service payments. The balance of scheduled annual debt service payments and accrued and unpaid prior period payments are based on the lesser of (i) 10% of surplus cash, or (ii) an amortized amount of principal and interest that would repay the loan within forty (40) years.	Liquidity Events and Capital Distributions trigger loan repayments	Required level monthly payments of principal and interest to ensure the loan is fully repaid within 40 years.

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<b>I. Net Operating Income (NOI) Assumptions</b>	For purposes of calculating NOI, all project proformas require 2% annual residential rent increases, a 3% annual operating expense inflation rate, 5% in residential unit vacancy rate (7% if borrower uses Risk Sharing financing. These requirements are subject to further adjustments per LIHTC investor or senior lender underwriting standards.	For purposes of calculating NOI, all project proformas require 2% annual residential rent increases, a 3% annual operating expense inflation rate, 5% in residential unit vacancy rate (7% if borrower uses Risk Sharing financing. These requirements are subject to further adjustments per LIHTC investor or senior lender underwriting standards.	For purposes of calculating NOI, all project proformas require 2% annual residential rent increases, a 3% annual operating expense inflation rate, 5% in residential unit vacancy rate (7% if borrower uses Risk Sharing financing. These requirements are subject to further adjustments per LIHTC investor or senior lender underwriting standards.	For purposes of calculating NOI, all project proformas require 2% annual residential rent increases, a 3% annual operating expense inflation rate, 5% in residential unit vacancy rate (7% if borrower uses Risk Sharing financing. These requirements are subject to further adjustments per LIHTC investor or senior lender underwriting standards.	For purposes of calculating NOI, all project proformas require 2% annual residential rent increases, a 3% annual operating expense inflation rate, 5% in residential unit vacancy rate (7% if borrower uses Risk Sharing financing. These requirements are subject to further adjustments per LIHTC investor or senior lender underwriting standards.
<b>J. Debt Service Coverage Ratio (DSCR) and Total Debt Service Coverage Ratio (TDSCR)</b>	Projects must be underwritten to a minimum DSCR of the higher of (1) senior lender and / or credit enhancement provider requirements; or (2) 1.15 during the permanent loan phase. The TDSCR includes all must-pay debt service payments and required debt service payments under DHCD's gap financing. The minimum required TDSCR will be set by the underwriter for each project.	Projects must be underwritten to a minimum DSCR of the higher of (1) senior lender and / or credit enhancement provider requirements; or (2) 1.15 in the first year of permanent loan phase after the Interest Only Period ends and 1.10 through year 15 of the Permanent Loan phase. The TDSCR includes all must-pay debt service payments and required debt service payments under DHCD's gap financing. The minimum required TDSCR will be set by the underwriter for each project.	Projects must be underwritten to a minimum DSCR of the higher of (1) senior lender and / or credit enhancement provider requirements; or (2) 1.15 in the first year of permanent loan phase after the Interest Only Period ends and 1.10 through year 15 of the Permanent Loan phase. The TDSCR includes all must-pay debt service payments and required debt service payments under DHCD's gap financing. The minimum required TDSCR will be set by the underwriter for each project.	Projects must be underwritten to a minimum DSCR of the higher of (1) senior lender and / or credit enhancement provider requirements; or (2) 1.15 in the first year of permanent loan phase after the Interest Only Period ends and 1.10 through year 15 of the Permanent Loan phase. The TDSCR includes all must-pay debt service payments and required debt service payments under DHCD's gap financing. The minimum required TDSCR will be set by the underwriter for each project.	Projects must be underwritten to a minimum DSCR of the higher of (1) senior lender and / or credit enhancement provider requirements; or (2) 1.15 in the first year of permanent loan phase after the Interest Only Period ends and 1.10 through year 15 of the Permanent Loan phase. The TDSCR includes all must-pay debt service payments and required debt service payments under DHCD's gap financing. The minimum required TDSCR will be set by the underwriter for each project.

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<b>K. Operating Expenses</b>	Projects must comply with set operating expense limits. DHCD reserves the right to review proposed and actual operating expenses for eligibility.	No limitations on operating expenses. DHCD reserves the right to review proposed and actual operating expenses for eligibility.	No limitations on operating expenses. DHCD reserves the right to review proposed and actual operating expenses for eligibility.	Projects must comply with set operating expense limits. DHCD reserves the right to review proposed and actual operating expenses for eligibility.	No limitations on operating expenses. DHCD reserves the right to review proposed and actual operating expenses for eligibility.
<b>L. Developer Fee</b>	The Developer's Fee is inclusive of all fees paid to the Developer, processing agents, and development consultants, and includes deferred fees. The range of allowable Developer's Fees is from 5% to 15% of total development cost as approved by DHCD in accordance with the Developer Fee Limit's table for 4% LIHTC/MBP projects. For 9% LIHTC projects with competitively awarded RHFP and LIHTC, the Developer's Fee may not exceed \$2.5 million.	The Developer's Fee is inclusive of all fees paid to the Developer, processing agents, and development consultants, and includes deferred fees. The range of allowable Developer's Fees is from 5% to 15% of total development cost as approved by DHCD in accordance with the Developer Fee Limit's table for 4% LIHTC/MBP projects. For 9% LIHTC projects with competitively awarded RHFP and LIHTC, the Developer's Fee may not exceed \$2.5 million.	The Developer's Fee is inclusive of all fees paid to the Developer, processing agents, and development consultants, and includes deferred fees. The range of allowable Developer's Fees is from 5% to 15% of total development cost as approved by DHCD in accordance with the Developer Fee Limit's table for 4% LIHTC/MBP projects. For 9% LIHTC projects with competitively awarded RHFP and LIHTC, the Developer's Fee may not exceed \$2.5 million.	The Developer's Fee is inclusive of all fees paid to the Developer, processing agents, and development consultants, and includes deferred fees. The range of allowable Developer's Fees is from 5% to 15% of total development cost as approved by DHCD in accordance with the Developer Fee Limit's table for 4% LIHTC/MBP projects. For 9% LIHTC projects with competitively awarded RHFP and LIHTC, the Developer's Fee may not exceed \$2.5 million.	The Developer's Fee is inclusive of all fees paid to the Developer, processing agents, and development consultants, and includes deferred fees. The range of allowable Developer's Fees is from 5% to 15% of total development cost as approved by DHCD in accordance with the Developer Fee Limit's table for 4% LIHTC/MBP projects. For 9% LIHTC projects with competitively awarded RHFP and LIHTC, the Developer's Fee may not exceed \$2.5 million.

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M. Permanent Loan Surplus Cash / Required Payments	The definition of surplus cash for purposes of repayment of an RHFP or RHW loan is set forth in the Note and generally does not permit payments to partners or members to be paid ahead of loan payments to DHCD (except for a \$3,000 annual investor services fee). DHCD will provide a list of allowed operating expenses.	All permanent debt service payments of principal and interest on RHFP and RHW loans are underwritten as required must pay payments. There are no set requirements on the remaining cash flow	The definition of surplus cash for purposes of repayment of an RHFP or RHW loan is set forth in the Note. DHCD will provide a list of allowed operating expenses.	DHCD subordinate loans must be allocated 50% of interim cash flow / capital distributions plus 50% of net equity participation at sale or transfer of title/ownership interests based on the higher of arms-length sale price or appraised value; and 100% priority of any excess amounts after superior lien loan obligations are fully satisfied during refinancing. No cash out refinances are allowed without paying off DHCD subordinate loans. DHCD, at its sole and absolute discretion, may re-subordinate its unpaid subordinate lien loans.	All permanent debt service payments of principal and interest on RHFP and RHW loans are underwritten as required must pay payments. There are no set requirements on the remaining cash flow

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N. Loan Sizing	Projects can request \$2.5 million in RHW for up to fifty (50) units. An additional \$50K can be requested for each additional unit over fifty (50), to the maximum of \$3.5 million, unless projects are utilizing the density bonus established under the Housing Expansion and Affordability Act of 2024 or leverage critical and time-sensitive funding from the federal or local government, as determined by the Director of CDA. 40 year affordability covenants are required	Projects can request \$2.5 million in RHW for up to fifty (50) units. An additional \$50K can be requested for each additional unit over fifty (50), to the maximum of \$3.5 million, unless projects are utilizing the density bonus established under the Housing Expansion and Affordability Act of 2024 or leverage critical and time-sensitive funding from the federal or local government, as determined by the Director of CDA. 40 year affordability covenants are required	Projects can request \$2.5 million in RHW for up to fifty (50) units. An additional \$50K can be requested for each additional unit over fifty (50), to the maximum of \$3.5 million, unless projects are utilizing the density bonus established under the Housing Expansion and Affordability Act of 2024 or leverage critical and time-sensitive funding from the federal or local government, as determined by the Director of CDA. 40 year affordability covenants are required	Projects can request \$2.5 million in RHW for up to fifty (50) units. An additional \$50K can be requested for each additional unit over fifty (50), to the maximum of \$3.5 million, unless projects are utilizing the density bonus established under the Housing Expansion and Affordability Act of 2024 or leverage critical and time-sensitive funding from the federal or local government, as determined by the Director of CDA. 40 year affordability covenants are required	Projects can request \$2.5 million in RHW for up to fifty (50) units. An additional \$50K can be requested for each additional unit over fifty (50), to the maximum of \$3.5 million, unless projects are utilizing the density bonus established under the Housing Expansion and Affordability Act of 2024 or leverage critical and time-sensitive funding from the federal or local government, as determined by the Director of CDA. 40 year affordability covenants are required
O. Prepayment and Surviving Project Restrictions	RHFP and RHW loans can be prepaid at any time without prepayment penalty or make-whole provisions. However, RHFP and RHW loans will continue to be subject to certain tenancy restrictions upon prepayment, including, but not limited to, continuing occupancy restrictions, tenant notices, and relocation requirements.	RHFP and RHW loans can be prepaid at any time without prepayment penalty or make-whole provisions. However, RHFP and RHW loans will continue to be subject to certain tenancy restrictions upon prepayment, including, but not limited to, continuing occupancy restrictions, tenant notices, and relocation requirements.	RHFP and RHW loans can be prepaid at any time without prepayment penalty or make-whole provisions. However, RHFP and RHW loans will continue to be subject to certain tenancy restrictions upon prepayment, including, but not limited to, continuing occupancy restrictions, tenant notices, and relocation requirements.	RHFP and RHW loans can be prepaid at any time without prepayment penalty or make-whole provisions. However, RHFP and RHW loans will continue to be subject to certain tenancy restrictions upon prepayment, including, but not limited to, continuing occupancy restrictions, tenant notices, and relocation requirements.	RHFP and RHW loans can be prepaid at any time without prepayment penalty or make-whole provisions. However, RHFP and RHW loans will continue to be subject to certain tenancy restrictions upon prepayment, including, but not limited to, continuing occupancy restrictions, tenant notices, and relocation requirements.



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<b>P. Loan Structure and Modes</b>	<p>The RHFP and RHW loan term will be the construction loan period (generally the construction contract term plus four (4) months for cost certification) plus the permanent loan period (generally forty (40) years). Repayment of the loan will be accelerated due to project sale or other transfer of the project's ownership, refinancing of any and all project loans, or occurrence of an event of default. At the discretion of loan underwriters, RHFP and RHW loans may be structured to include required interest only repayment period of up to 2 years from construction completion and cost certification. All loans are subordinate second lien loans behind senior bond financed loans</p>	<p>The RHFP and RHW loan term will be the construction loan period (generally the construction contract term plus four (4) months for cost certification) plus the permanent loan period (generally forty (40) years). Repayment of the loan will be accelerated due to project sale or other transfer of the project's ownership, refinancing of any and all project loans, or occurrence of an event of default. At the discretion of loan underwriters, RHFP and RHW loans may be structured to include required interest only repayment period of up to 2 years from construction completion and cost certification. All loans are subordinate second lien loans behind senior bond financed loans</p>	<p>The RHFP and RHW loan term will be the construction loan period (generally the construction contract term plus four (4) months for cost certification) plus the permanent loan period (generally forty (40) years). Repayment of the loan will be accelerated due to project sale or other transfer of the project's ownership, refinancing of any and all project loans, or occurrence of an event of default. At the discretion of loan underwriters, RHFP and RHW loans may be structured to include required interest only repayment period of up to 2 years from construction completion and cost certification. All loans are subordinate second lien loans behind senior bond financed loans</p>	<p>The RHFP and RHW loan term will be the construction loan period (generally the construction contract term plus four (4) months for cost certification) plus the permanent loan period (generally forty (40) years). Repayment of the loan will be accelerated due to project sale or other transfer of the project's ownership, refinancing of any and all project loans, or occurrence of an event of default. At the discretion of loan underwriters, RHFP and RHW loans may be structured to include required interest only repayment period of up to 2 years from construction completion and cost certification. All loans are subordinate second lien loans behind senior bond financed loans</p>	<p>The RHFP and RHW loan term will be the construction loan period (generally the construction contract term plus four (4) months for cost certification) plus the permanent loan period (generally forty (40) years). Repayment of the loan will be accelerated due to project sale or other transfer of the project's ownership, refinancing of any and all project loans, or occurrence of an event of default. At the discretion of loan underwriters, RHFP and RHW loans may be structured to include required interest only repayment period of up to 2 years from construction completion and cost certification. All loans are subordinate second lien loans behind senior bond financed or private loans</p>
<b>Q. Income Targeting</b>	<p>20% at 50% AMI, or 40% at 60% AMI, or income averaging to achieve the same average AMI equivalent</p>	<p>20% at 50% AMI, or 40% at 60% AMI, or income averaging to achieve the same average AMI equivalent</p>	<p>20% at 50% AMI, or 40% at 60% AMI, or income averaging to achieve the same average AMI equivalent</p>	<p>20% at 50% AMI, or 40% at 60% AMI, or income averaging to achieve the same average AMI equivalent</p>	<p>20% at 50% AMI, or 40% at 60% AMI, or income averaging to achieve the same average AMI equivalent</p>



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R. Funding Source	Annual State appropriation of GO Bond Funds and General Funds	Annual State appropriation of GO Bond Funds and General Funds	Annual State appropriation of GO Bond Funds and General Funds	Annual State appropriation of GO Bond Funds and General Funds	Annual State appropriation of GO Bond Funds and General Funds
S. Link to Other Financing Programs	CDA Bond financed senior loans for 4% LIHTC projects and private senior loans for 9% LIHTC projects	CDA Bond financed senior loans for 4% LIHTC projects and private senior loans for 9% LIHTC projects	CDA Bond financed senior loans for 4% LIHTC projects and private senior loans for 9% LIHTC projects	CDA Bond financed senior loans for 4% LIHTC projects and private senior loans for 9% LIHTC projects	CDA Bond financed senior loans for 4% LIHTC projects and private senior loans for 9% LIHTC projects