



241(a) SUPPLEMENTAL LOAN

Rose Community Capital (RCC) is a HUD approved Multifamily Accelerated Processing (MAP) lender and can arrange for FHA insured supplemental loans to finance repairs, additions and improvements to existing FHA insured Multifamily and healthcare projects as well as HUD-held first mortgages, in order to extend the economic life, maintain competitiveness and replace obsolete equipment. The underlying FHA insured first mortgage is fully assumable by buyers and/or LIHTC partnerships that seek to add leverage through the Supp Loan as part of an overall redevelopment strategy.

LOAN TYPE

241(a) Supplemental

PROPERTY TYPES

Existing FHA-insured multifamily and healthcare properties

OCCUPANCY REQUIREMENT

Minimum 85% occupancy to qualify

Maximum 93% underwritten occupancy for market rate;
97% for rental assisted and 95% for affordable

ASSUMPTION

With RCC & HUD approval and
payment of \$5,000 processing fee

LOAN SECURITY

Secondary lien mortgage

PREPAYMENT PERIOD

Negotiable (subject to limitations);
Shorter prepayment terms can affect rate

REPLACEMENT RESERVES

Reserves set by PCNA;
new PCNA required every 10 years

SPONSOR

Must present a full REO schedule, along with plan for debt
maturing within 5 years

MAX LOAN AMOUNT

Refinance loan sizing is up to 90% of the value of the
improvements or additions, or an amount which, when
added to the outstanding balance of the existing insured
mortgaged, does not exceed the maximum insurable
mortgage amount for the exiting first mortgage

The first mortgage thresholds are below:

1. 90% of fair market value for affordable housing
properties and 87% for market rate projects
2. Debt service coverage ratio of 1.11% for affordable
properties and 1.15 for market rate projects
3. 90% of total cost of acquisition for affordable
properties and 87% for market rate properties

TERM

Co-terminus with the existing FHA-insured loan if the loan
has 25 years or more remaining

If less than 25 years remain, HUD will consider an
amortization period of up to 40 years, but no greater than
75% or remaining economic life of the project

EQUITY REQUIREMENT

At least 10% of total development cost of the transaction.
Can use existing excess reserves, if any, to meet
requirement. Cannot use "As-Is" equity



SUBORDINATE FINANCING

Payable from 75% of surplus cash

Private funds must be unsecured and cannot exceed 92.5% of LTV, unless there are LIHTCs

Public funds may be secured by the property and can be in any amount

THIRD PARTY REPORTS

PNA, Appraisal, HEROs environmental update, Architect/Cost Review, Independent CPA "reviewed" financial statements

CRITICAL REPAIRS

Critical repairs, as identified in the PCNA, must be completed in the mortgage

DAVIS-BACON WAGES

Only required if the existing FHA-insured mortgage is a 221(d)(4) or 220.

NORMAL PROCESSING TIME

Varies by HUD office; 5-7 months average

LEGAL FEES

Borrower pays Lender's fee and miscellaneous closing cost

STRUCTURE HIGHLIGHTS

- Non-recourse
- No maximum loan amount
- Cotermious with existing mortgage
- More favorable underwriting for affordable and rental assisted projects

ORIGINATION FEE

Negotiable

HUD INSPECTION FEE

\$30/unit if repairs are less than \$3,000 per unit; or 1% of the proposed repairs

HUD APPLICATION FEE

Non-refundable fee of 30 bps of the loan amount due to HUD with the firm commitment application

WORKING CAPITAL/OPERATING DEFICIT RESERVES

Mirror requirements for 221(d)(4) NC/SR; 2% Working Capital/ 2% Operating Deficit reserve. LIHTC equity can substitute for Working Capital

MIP

.25 bps; One year MIP prepaid at closing

RECOURSE

Non-recourse; identified key principles required to sign "Bad Boy" carve outs at closing