

PRESERVATION & WORKFORCE HOUSING

DEBT TERM SHEET

National Equity Fund, Inc. (NEF) is a leading non-profit, multi-family, affordable, real estate investment manager with a mission to create and deliver innovative, collaborative financial solutions to expand the creation and preservation of affordable housing.

Through its Low-Income Housing Tax Credit (LIHTC) syndication, lending, and investing platforms, NEF has invested over \$24.5 billion since 1987, representing 242,500 new affordable homes for individuals, families, and communities in need nationwide.

ELIGIBLE PROJECTS

Existing multifamily affordable housing properties serving a majority (51% or more) of tenants below 80% AMI. This may include properties near or beyond the end of their LIHTC compliance period, those that operate under HUD Section 8 and/or various other federal programs, and existing multifamily housing properties operating as naturally occurring affordable housing (NOAH) serving a majority of tenants below 80% AMI.

LOAN SIZE

Minimum loan size of \$5M. Loan sizes typically \$10-20M. Larger loans may be considered based on sponsor strength, transaction complexity, and portfolio considerations.

LOAN TERM

Up to 5 years. Longer terms may be considered.

LOAN-TO-VALUE

Up to 85% LTV; higher leverage may be considered on a case-by-case basis.

AFFORDABILITY TERM

Length of investment or Land Use Restriction Agreement (LURA), whichever is greater.

USES OF FUNDS

Acquisition and moderate capital improvements of up to \$25K per unit of the eligible property. Refinancing of existing debt will be considered on a deal-by-deal basis.

DEBT SERVICE

Interest-only, full-term (no amortization).

MORTGAGE PRIORITY

Debt will be secured in a first lien position.

ALLOWABLE DEBT

Subordinated debt permitted on a case-by-case basis.

INTEREST RATE

Interest rates are set at closing based on market conditions; contact NEF for current pricing.

DUE DILIGENCE

The following due diligence is required for NEF to assess an investment in particular project:

- Acquisition and Sources & Uses Budget
- Three years financial statements and trailing 12 months
- Current rent roll
- Operating Proforma and project information
- Development team information
- Appraisal and market study (if available)



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EQUITY TERM SHEET

National Equity Fund, Inc. (NEF) is a leading non-profit, multi-family, affordable, real estate investment manager with a mission to create and deliver innovative, collaborative financial solutions to expand the creation and preservation of affordable housing.

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ELIGIBLE SPONSORS

Eligible sponsors include experienced nonprofit and for-profit developers. Joint venture (JV) partnerships will be considered on a case-by-case basis.

AFFORDABILITY TERM

Length of investment or Land Use Restriction Agreement (LURA), whichever is greater.

ELIGIBLE PROJECTS

Existing multifamily affordable housing properties serving a majority (51% or more) of tenants below 80% AMI. This may include properties near or beyond the end of their LIHTC compliance period, those that operate under HUD Section 8 and/or various other federal programs, and existing multifamily housing properties operating as naturally occurring affordable housing (NOAH) serving a majority of tenants below 80% AMI.

INVESTMENT SIZE

Minimum investment of \$10M, typically \$15-\$20M; larger investments may be considered on a deal-by-deal basis.

INVESTMENT TERM

Up to 10 years. Targeted exit is typically 5 to 7 years.

TARGETED RETURNS

Contact NEF regarding target returns.

USE OF FUNDS

Acquisition and moderate capital improvements of up to \$25K per unit of the eligible property. Recapitalization will be considered on a deal-by-deal basis.

SPONSOR CO-INVESTMENT

Sponsor co-investment is generally expected to be approximately 3-5% of Total Development Cost (TDC), depending on transaction structure and risk profile.

OWNERSHIP STRUCTURE

The sponsor and NEF will purchase the property through a Partnership or Operating Company. The ownership entity created will be subject to an agreement which will delineate roles and responsibilities.

ALLOWABLE DEBT

Up to 65% LTV on first mortgage, subordinated debt permitted on a case-by-case basis.

DUE DILIGENCE

The following due diligence is required for NEF to assess an investment in a particular project:

- Acquisition and Sources & Uses Budget
- Three years financial statements and trailing 12 months
- Current rent roll
- Operating Proforma and project information
- Development team information
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