



# USDA 538 Program

*Long-term, fixed-rate Financing for Rural Multifamily Properties*

*This term sheet is provided as an overview and does not include all requirements for this product type.*

<b>ELIGIBLE PROPERTIES</b>	<ul style="list-style-type: none"><li>• New construction or existing properties (w/ rehab) containing 5 or more units;</li><li>• Must be located in eligible rural community;</li><li>• Tenant income cannot exceed 115% of AMI;</li><li>• Average rents and maximum rents cannot exceed 30% of 115% of AMI; and,</li><li>• Rehab must be at least \$6,500 per unit.</li></ul>
<b>QUALIFIED BORROWER</b>	For-profit or non-profit single asset, single purpose entity.
<b>LOAN AMOUNT</b>	\$250,000 minimum; no maximum.
<b>GUARANTEE</b>	USDA currently offers three loan guarantees – Option One (permanent only); Option Two (construction advances and permanent guarantee); and, Option Three (continuous guarantee). Please call for additional information on each option.
<b>RECOURSE</b>	Nonrecourse loan with standard carve-outs for construction advance, completion guaranty required.
<b>INTEREST RATE</b>	Fixed for term of the loan; rate locked prior to closing. A rate lock deposit equal to 0.50% of loan amount required; refunded 30-45 days after closing.
<b>TERM</b>	Maximum of 40 years; minimum of 25 years.
<b>AMORTIZATION</b>	Balloon payment allowed; no less than 25 years or remaining economic life of improvements; maximum of 40 years. For Option Two and Three, amortization begins after interest-only construction/rehab period.
<b>PREPAYMENT</b>	10-year total prepayment period with a 0-2 year initial lock-out followed by declining penalty thereafter; 0% prepayment after 10 years. No prepayment during construction period.
<b>COMMERCIAL SPACE</b>	Limited to 10% of gross floor area and/or 10% of total project income.
<b>LOAN SIZING CRITERIA</b>	1.15 DSCR for all mandatory pay debt; 90% LTV for 538 debt; 100% LTV for all mandatory pay debt; 70% LTC for Option 1; 50% LTC for Option 3
<b>ESCROWS</b>	Taxes, insurance, reserve for replacements, and ongoing guarantee fee required during the permanent phase.
<b>USDA GUARANTEE FEE</b>	Initial – Loan amount x 90% x 1% Ongoing - 0.50% on UPB per annum; escrowed monthly and paid by borrower
<b>O&amp;M RESERVE</b>	Minimum of 2% of the loan amount funded at permanent loan closing; released as surplus cash distribution after first year of stabilized operations.
<b>CONTINGENCY RESERVE</b>	Minimum of 2% of the construction contract; released upon achievement of 90% occupancy for 90 days; funded at loan closing (for options 2 and 3 only).
<b>LEASE-UP RESERVE</b>	Greater of 2% of appraised value or total development costs (typically for Option Two and Option Three guaranteed loans only; can be funded in lieu of meeting 90/90 occupancy requirement for Option One guaranteed loans). Please call for additional information.
<b>LENDER FINANCING FEE</b>	Greater of \$25,000 or 1.5% of loan amount.
<b>THIRD PARTY REPORT DEPOSIT</b>	To be determined by lender. Borrower shall be responsible for the cost of all third party reports required by the lender and/or USDA.



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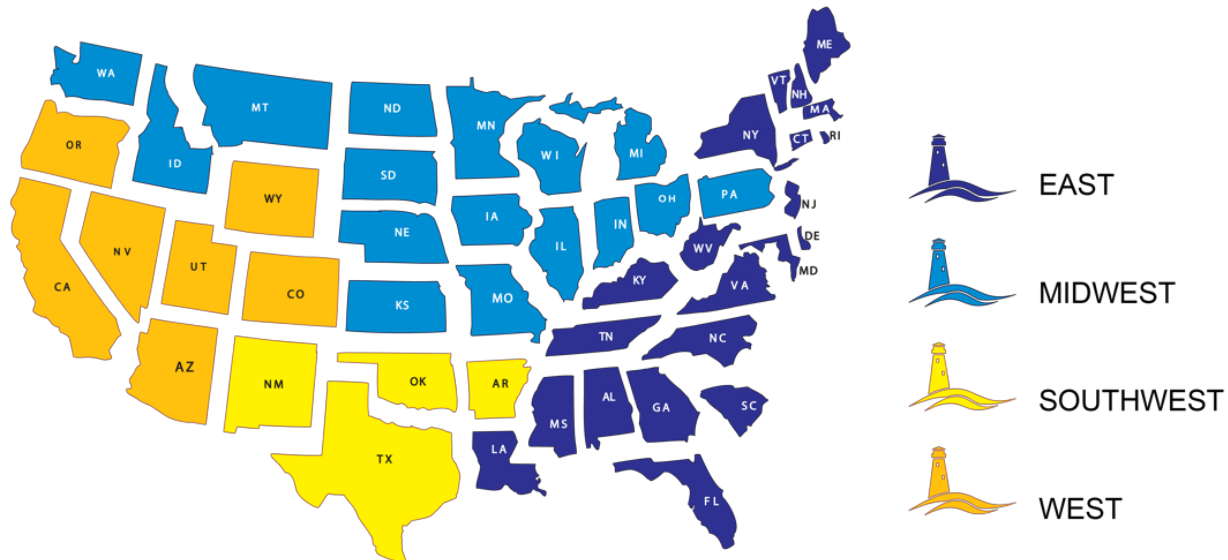
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## ABOUT CSG

### Experience & Integrity

Churchill Stateside Group (CSG) and its wholly owned affiliates serve the multifamily and affordable housing, senior housing and healthcare, and renewable energy industries. CSG sponsors tax credit equity investment funds for institutional investors and provides a variety of construction and permanent financing solutions to developers.

The company's investor and developer clients benefit from an experienced staff, prominent and proactive senior leadership, and attractive debt and equity platforms. CSG has long-standing and successful investment relationships with numerous corporate investors, pension funds, and insurance companies. The company is an approved USDA Rural Development and HUD MAP and LEAN Lender. CSG pursues high quality lending and investment opportunities across the nation.



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