

Terms For Bond/4% Tax Credit Transactions

TERM	TYPICAL TERMS
Partnership Structure	<ul style="list-style-type: none">• The deal structure must comply with Chapter 394 of the Texas Local Government Code, which regulates Housing Finance Corporations.• Strategic HFC (or wholly owned LLC) serves as the General Partner of the tax credit partnership (generally referred to as the “Borrower”). Limited Partners typically consist of a tax credit investor and an entity associated with the developer.• Strategic HFC serves as Co-Developer.• Strategic HFC may serve as the General Contractor to facilitate tax exemption on construction materials.• Strategic HFC (or wholly owned LLC) is a deeded fee title to land on which the apartment project is built and operated to facilitate tax exemption on property and improvements.• Strategic HFC’s tax exemption DOES NOT apply to Emergency Service Districts, and conservation/reclamation district taxes.• A local government hearing will be required for bond issuance.• All Strategic HFC's reasonable expenses are to be paid by the Borrower.• This term sheet is subject to revision by Strategic HFC
Mixed Use Design	<ul style="list-style-type: none">• Considered on a case-by-case basis
Annual Ground Lease Rent Amount	<ul style="list-style-type: none">• Annual lease payment based upon 10% of the abated value of taxes with a 3% escalator. Payments begin after the first year of stabilization.
Application Fee	<ul style="list-style-type: none">• \$5,000 non-refundable due at submission of formal partnership application

Issuance Fee	<ul style="list-style-type: none"> 40 bps of principal amount at closing + 10 bps annually with first 2 years paid at close
Short-Term Issuance Fee (3 Years or Less)	<ul style="list-style-type: none"> 50 bps of principal amount and 5 years of annual fees (10 bps annually) at closing and 5 years of annual fees (10 bps annually) upon sale or refinance
General Contractor Fee	<ul style="list-style-type: none"> Fixed payment based on the number of units at \$1200 per door. 50% paid at construction close and 50% paid when the last Certificate of Occupancy is received
3rd Party Construction Monitoring Fee	<ul style="list-style-type: none"> Not to Exceed \$3500/month
Developer Fee Sharing	<ul style="list-style-type: none"> Strategic HFC receives 25% of the Developer Fee based on the same payout schedule as the Developer Partner.
Refinance/Sale Fee	<ul style="list-style-type: none"> 25% of net proceeds after payment of transaction costs, outstanding debt and replenishing replacement reserves
AMI Set Asides	<ul style="list-style-type: none"> Minimum of 10% of units at 50% AMI or below If income averaging, lower AMI units must be distributed proportionally throughout the various unit sizes and floor plans.
Underwriting Criteria	<ul style="list-style-type: none"> \$300/unit/year replacement reserves Capitalization rate 5% Revenue escalator 2% Expenses escalator 3%

BOND ISSUER ONLY TERMS (NO PARTNERSHIP OR PROPERTY TAX EXEMPTION)

Application Fee	A non-refundable payment of \$5,000 is due before the board inducement. This will be credited to the closing bond issuance fee.
Issuance Fee	75 bps of principal amount at closing +10 bps annually