

## TYPICAL BANK FINANCING TERMS

### ***ACQUISITION FINANCING:***

- Loan Amount not greater than 50% of Purchase Price.
- Loan Term (Duration) not greater than 18-months.
- Other sources of financing must fund on or before the Bank Loan is funded.
- The Bank will require a First Deed of Trust on the property being acquired.

### ***PRE-DEVELOPMENT FINANCING:***

- Loan Amount not greater than 70% of Pre-Development Costs.
- Loan Term (Duration) not greater than 12-months.
- An alternative repayment source (also known as a Secondary Repayment Source) must be available to repay 100% of the Loan Amount if development is abandoned.
- The Secondary Repayment Source must be highly liquid. “Highly liquid” means the Source (a Guarantor) must have Cash or Near-Cash (e.g., readily marketable securities of companies whose common stock is publicly-traded) assets available to repay the Pre-Development Loan in full.

### ***CONSTRUCTION FINANCING:***

- Loan Amount is not greater than the lesser of: 75% of Budgeted Construction Costs or 70% of the project value (determined by an independent, third-party real estate appraisal) at completion.
- Loan Term (Duration) not greater than 18-months.
- The Bank will require a First Deed of Trust on the property being acquired.

### ***PERMANENT FINANCING:***

- Units owned by the User: Terms vary from 70% to 90% of the Unit Purchase Price. Many lenders support down payment assistance programs in this calculation.
  - Loan Term (Duration) is usually 15- or 30-years. Some lenders offer loans with a 10- or 12-year Loan Term.
  - Lender requires a First Deed of Trust on the Unit purchased.
- Multi-Family Units owned by a Legal Entity: Terms vary from 60% to 80% of the completed value of the project (but not more than 100% of the Construction Loan amount to be repaid).
  - Loan Term (Duration) is usually 25 years.
  - Lender requires a First Deed of Trust on the property.