

August 19, 2014

Citi's Affordable Housing Subordinate Loan Program

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Citi's Affordable Housing Subordinate Loan Program (the "Program") is intended to provide subordinate financing for affordable housing projects in need of gap financing

Program Description

- Citi will deploy approximately \$200 million in subordinate loans for LIHTC-eligible multifamily affordable housing
- Loan terms will be market standard for soft pay subordinate loans, including tenor and interest rate
- Loans made through the Program generally will not be the sole source of gap financing. Lien position will be determined on a case by case basis
- Projects must meet FHA affirmative marketing standards (Title 24 of the Code of Federal Regulations, part 200.620) and accept Housing Choice Vouchers
- The majority Program dollars will be targeted to "Critical Need Family Housing"
- Subordinate loans will be originated over a 2-4 year period

Critical Need Family Housing

- Critical Need Family Housing is defined as housing developments
 - That are located in either a
 - i. HUD-defined Small Area Difficult to Develop Areas ("SDDA"), or
 - ii. State-Defined High Opportunity/Low Poverty Areas as designated in a State Qualified Allocation Plan
 - That do not have age restrictions for occupancy
 - Where over 40% of the total number of affordable units have two or more bedrooms, and/or 10% of the total number of affordable units have three or more bedrooms

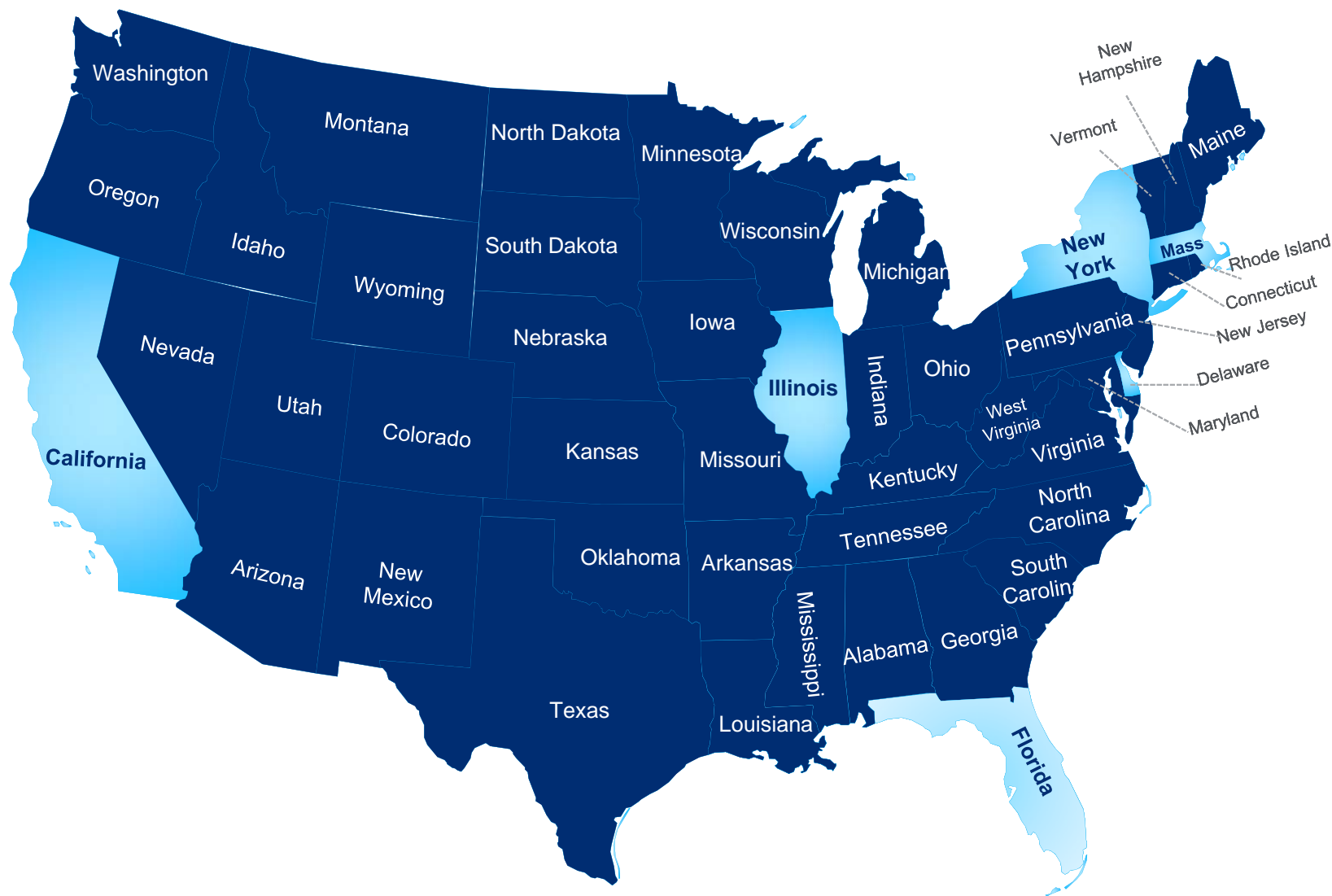
Sample Indicative Terms

Sample Indicative Terms for Hypothetical Citi Affordable Housing Subordinate Loan

Citi Program Loan:	A subordinate construction to permanent loan (the “Loan”) made in connection with the construction or acquisition and renovation of an affordable multifamily property
Affordable Multifamily Project:	A multifamily rental project where either (i) 20% of the units are reserved for individuals or families whose income is no greater than 50% Area Median Income (“AMI”) or (ii) where 40% of the units are reserved for individuals or families whose income is no greater than 60% of AMI. Rents, including utility allowances, cannot exceed 30% of tenant AMI, and units cannot be subject to age restrictions
Subordinate Lender:	Citibank, N.A. (“Citi”)
Loan Security:	Subordinate lien on land and any improvements; UCC filings for fixtures; assignment of all leases and rents; a subordinate priority collateral assignment of all contracts, management agreements, and other agreements and all permits relating to the Property
Recourse:	The loan will be non-recourse after conversion to the permanent phase except for standard industry carve-outs
Senior Lender:	Citi must be the senior lender on all projects in which Citi provides a subordinate loan through the Program
Term:	Co-terminus with the first deed of trust. Due on sale or recapitalization
Interest Rate:	1 - 3%, payable from surplus cash flow
Prepayment Penalty:	None
Primary Target Geographies:	California, New York, Illinois, Massachusetts, Delaware, Washington, D.C. and Florida

Target Geographies

While Citi's Affordable Housing Subordinate Loan Program is not limited to specific states or cities, California, Illinois, New York, Florida Massachusetts, Washington, D.C. and Delaware are target markets for the Program.



Appendix

Small Area Difficult to Develop Areas (“SDDAs”) Definition and Requirements

Small Area Difficult to Develop Areas (“SDDAs”)

HUD Difficult to Develop Areas (“DDAs”) and SDDAs are intended to identify areas that have high construction, land and utility costs relative to the area median gross income.

DDA Background

- DDAs and SDDAs encourage development in areas that HUD determines quantitatively to have high costs of development relative to the area incomes
- Development costs are estimated using the HUD Fair Market Rents (“FMRs”)
 - DDAs use HUD metropolitan FMR areas
 - SDDAs use Small Area FMRs (“SAFMRs”) defined at the ZIP code level within metropolitan areas

SDDA Definition

- SDDAs are the population-weighted 20% of ZIP codes in each state with the highest ratios of (x) SAFMR to (y) metropolitan Very Low Income Limits
 - Small Area Fair Market Rent Areas (SAFMR)
 - Zip Code level within metropolitan areas as a measure of construction, land, and utility costs relative to area median gross income
 - HUD estimates SAFMRs by multiplying the ratio of Zip Code area to metropolitan area median gross rent by the metropolitan area FMRs
 - Very Low-Income Limit (“VLIL”)
 - VLIL is equal to 50% of metro area median income
 - The metro areas used to determine VLIL are the same as those areas used to determine HUD FMRs

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Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

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