



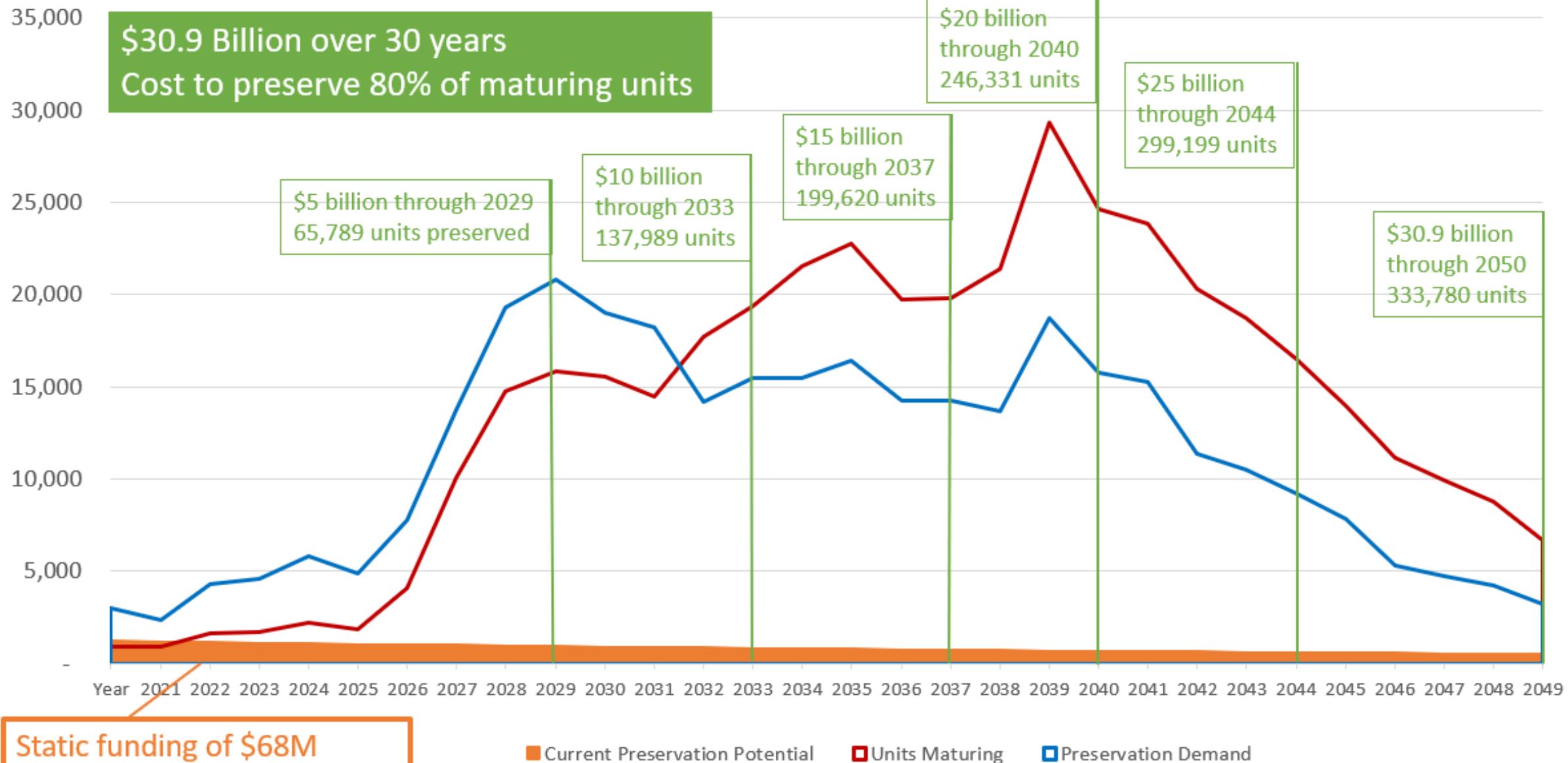
Strategic Approach to Maturing Mortgages

USDA Rural Development - Multifamily Housing

USDA Rural Development Maturing Mortgage Projections

Estimated Exit Year	Assets	Total Units	Rental Assisted
2023	73	1,640	899
2024	79	1,776	1,078
2025	72	1,558	1,018
2026	84	1,982	1,196
2027	98	2,604	1,421
2028	305	8,327	5,910
2029	420	12,484	8,644
2030	510	15,313	11,051
2031	531	15,265	10,350
2032	488	14,105	9,754
2033	555	16,243	10,861
2034	610	17,915	12,495
2035	646	19,212	13,297

Property preservation goal versus current funding

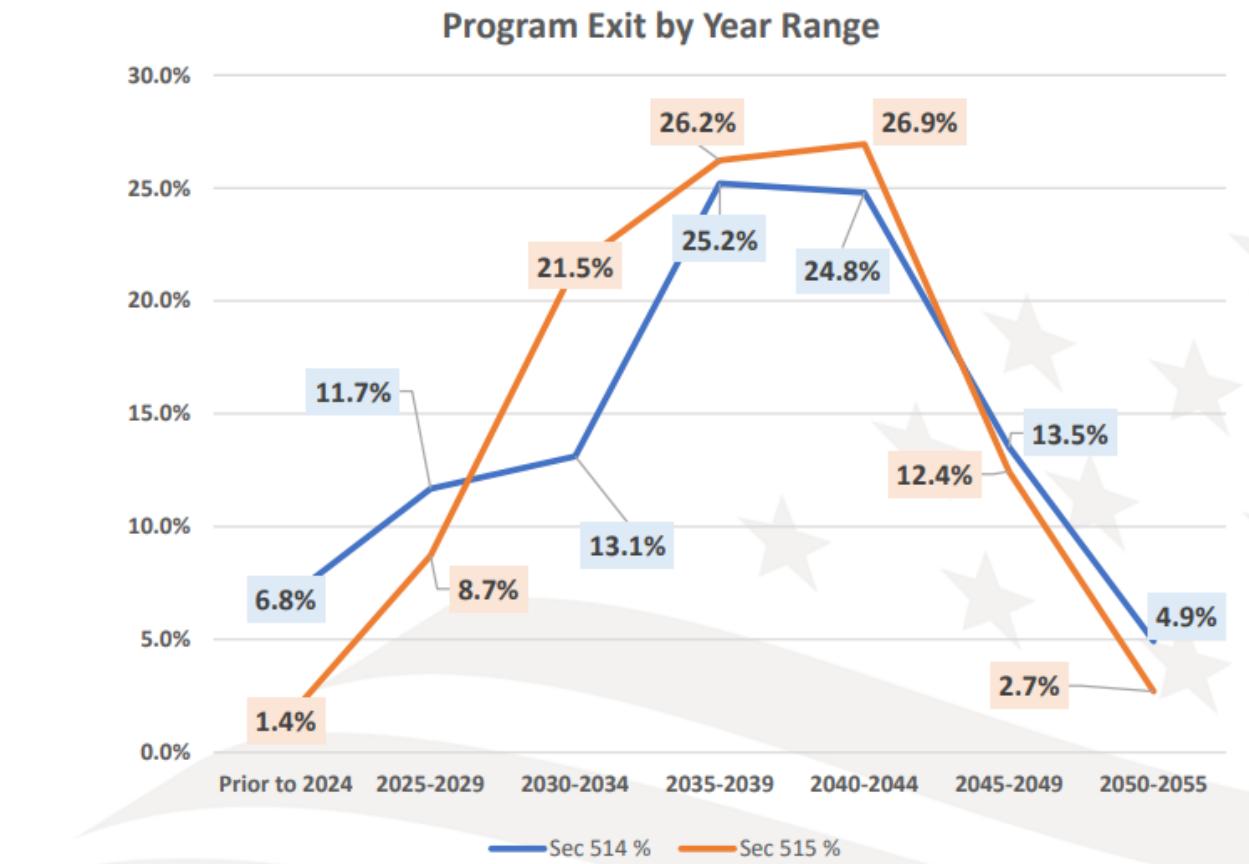


Static funding of \$68M
annually preserves a
decreasing amount of units

Section 514 and 515

- Many loans are coming to their natural maturity date in the next 10-20 years.

Estimated Program Exit Year Range	Sec 514	Sec 515	TOTAL	Sec 514 %	Sec 515 %
Prior to 2024	33	180	213	6.8%	1.4%
2025-2029	57	1102	1,159	11.7%	8.7%
2030-2034	64	2723	2,787	13.1%	21.5%
2035-2039	123	3315	3,438	25.2%	26.2%
2040-2044	121	3406	3,527	24.8%	26.9%
2045-2049	66	1573	1,639	13.5%	12.4%
2050-2055	24	341	365	4.9%	2.7%
TOTAL	488	12,640	13,128		



Available Resources: Current Owner/Property Remains in Program

- Debt Restructuring (Reamortization Lite)
 - Remaining loan balance of \$1000 or more, extended for up to 20 years
 - No appraisal needed
 - Reduced debt service payment now available for additional capital improvement funding
 - Current rental assistance contact stays in effect
 - No new RUC required
 - Request from 4 years to 1 year before maturity
- Agency Funding Opportunities
 - Multifamily Preservation & Revitalization Program
 - Subsequent Loans
 - Section 538 Guaranteed Loan

Available Resources: Transfer within Program

- Transfer Options:
 - Simple Transfer
 - Standard Transfer
- Agency Funding Opportunities (New Owner)
 - Multifamily Preservation & Revitalization Program
 - Subsequent Loans
 - Section 538 Guaranteed Loan
- Third Party Funding Options
 - Refinancing of Existing Debt/Recapitalization (acquisition/rehab)
 - Enhanced Program Compatibility to Encourage 3rd Party Capital
 - Subordinate (RD) for Additional Resources

Available Resources: Owner/Property Exit

- Tenant protection:
 - Insure Proper Tenant Notification (start 2 years before maturity)
 - Rural Housing Voucher Availability
 - Existing RUC Enforcement (if applicable)
 - Loss of Rental Assistance
- Proposed Decoupling
 - Not currently available, proposal to continue with rental assistance contract after loan maturity.

Decoupling: How it Facilitates Preservation

- Current statute requires a property to have a Section 515 mortgage to receive Section 521 Rental Assistance (RA)
- If the Section 515 mortgage is paid off through prepayment or maturity, the property can no longer receive RA.
- RA is important to achieve rents that will support recapitalization. RA is often included in state housing finance agency prioritization for receipt of low-income housing tax credits and other local resources.
- When the Section 515 mortgage matures or prepays, the debt load at the property is reduced, allowing borrowers to take on additional third-party debt to facilitate recapitalization.

Closing Remarks

