



National Community Stabilization Trust

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Stabilization Trust REO Capital Fund HUD/PHA Property Acquisition Program Term Sheet HUD Master Program Term Sheet

The following Term Sheet is provided for convenience only and does not constitute a commitment to lend or borrow or an agreement to issue or accept a commitment on these or any other terms or to arrange any financing and shall not create a binding or legally enforceable obligation on the National Community Stabilization Trust, its Stabilization Trust REO Capital Fund, its Sponsors, Program Originator or any other party in any way. The terms contained herein are of a summary nature and are not all-inclusive. The activities and policies of the Stabilization Trust REO Capital Fund are governed by the legal documents executed by parties to the Stabilization Trust REO Capital Fund and reference is made to such documents for definitive descriptions of the Stabilization Trust REO Capital Fund and its activities. Transaction is subject to Program Originator underwriting and credit assessment and contingent upon Credit Committee approval.

Lender:	Program Originator, an approved lender with the Stabilization Trust REO Capital Fund LLC (the Fund), a subsidiary of the National Community Stabilization Trust (the Trust), will enter into a Revolving Line of Credit with each Local Borrower.
Local Borrower:	A public housing agency or non-profit housing organization will serve as the Local Borrower.
Product Offerings:	<p>Local Borrowers will be eligible to draw down on their Revolving Line of Credit Facility for the following Project Loan Products (collectively, "Project Loans"):</p> <ol style="list-style-type: none">1. Acquisition & Rehab. Financing for the acquisition and, <i>if necessary</i>, rehabilitation of HUD REO properties, for a term of up to 18 months.2. Acquisition, Rehab & Hold. Financing for the acquisition and rehabilitation of HUD REO properties, for a term of up to 5 years. Acquisition and Rehab must be completed within 18 months and an extension of the loan for up to 5 years will be contingent upon having a tenant in place, positive cash flow and a minimum 1.15 debt coverage ratio. <p>Commitment amount available for Project Loans within each Revolving Line of Credit will be determined at the time of origination of each Revolving line of Credit.</p>
Minimum Total Program Commitments:	Execution of the HUD/PHA Property Acquisition Program is contingent upon identification of at least \$2,500,000 in program loans.
Revolving Line of Credit	Maximum of 5 years. Each Local Borrower Revolving Line of Credit term to be

Term:	determined by Program Originator in accordance with Project Loans.
Program Originator:	A Program Originator, to be selected by the Fund Manager, will be each Local Borrowers' direct contact, responsible for origination and ongoing management of their Revolving Lines of Credit.
Eligible Uses:	Acquisition, rehabilitation and disposition of eligible real estate owned purchased from the U.S. Department of Housing and Urban Development ("HUD"). Rehabilitation activities must meet all applicable HUD rehabilitation standards.
Minimum Commitment to an Individual Borrower:	\$250,000.
Loan-to-Value:	Loan principal cannot exceed 75% of the as-rehabbed, income restricted value.
Appraisal Requirement:	Each Local Borrower must provide an appraisal report with an as-is market value. The date of value must be within 120 days of the date of each Project Loan origination.
Subsidy Requirement:	If applicable, Local Borrower must identify any subsidies, including rehabilitation or rental subsidies or Neighborhood Stabilization Program funds, and provide sufficient evidence of commitments, in the sole determination of the Program Originator and the Fund, prior to closing.
Repayment:	Individual Project Loans and Revolving Lines of Credit are pre-payable at any time. Local Borrowers must present a feasible repayment strategy prior to the origination of each Project Loan.
Interest Rate:	Variable approximately 6.50% indexed to the 5/1 adjustable rate mortgage, per www.bankrate.com .
Origination Fees:	<p><i>Loans less than \$1.5 million:</i> 4% of the each Local Borrower's Revolving Line of Credit commitment amount. Plus payment of any out-of-pocket expenses including legal fees.</p> <p><i>Loans equal to or greater than \$1.5 million:</i> 2% of the each Local Borrower's Revolving Line of Credit commitment amount. Plus payment of any out-of-pocket expenses including legal fees.</p> <p>All amounts due at closing.</p>
Security/Collateral/Reserves:	<p>1st position lien on each individual property.</p> <p>100% recourse to the Local Borrower's balance sheet; Program originator will</p>

work with Public Housing Authorities to determine appropriate recourse/collateral structure based on their unique circumstances.

In addition the Fund requires one of the following: (i) a cash collateral account equal to 25% of the commitment amount or (ii) an unconditional irrevocable Letter of Credit equal to 25% of the commitment amount.

Reporting:

Each Local Borrower to provide monthly reports to the Program Originator.
