

EB5 MEZZANINE LOAN SUMMARY

Memphis Regional Center in collaboration with financial institution and EB5 partners has a product to assist proven developers in bringing projects of scale in the hotel, multi-family and senior housing sectors to fruition by providing critical gap funding.

PRODUCT OVERVIEW:

MRC will provide EB5 funds as a mezzanine lender that could fill approximately 25-30% of the capital needs of a development project for the above described asset classes as a loan subordinate to the project's senior debt (approximately 60-65% of the capital stack) only in terms of any secured position (i.e. mortgage) in the project, land and improvements, or assignment of project revenues. The developer must contribute 10% equity and the EB-5 mezzanine loan size must be at least \$10 million. Additionally, the product works with an established EB-5 bridge lender that would allow MRC to fund at closing even in advance of the initial EB-5 raise, in turn eliminating any uncertainty regarding the timing of funding and doing so through a single loan transaction.

KEY PROGRAM ELEMENTS:

- Asset Classes: Hotels, Multi-Family, Senior Housing (the "Projects")
- Scale: Total development project cost size - \$35 million minimum
- Terms: 10% approx. avg. interest rate; 60-month maturity; no prepayment, but structure to defease after 48 months with additional fee.
- Loan Fee: 2.0% of the Loan amount due at closing.
- Security: An assignment of rents and revenues from the Project subordinate only to the Senior Loan's assignment of rents and revenues and a pledge of all ownership interest in the Project entity. *(Based on underwriting MRC may also require a second mortgage position and/or repayment guarantee, at least until project stabilization.)* If required by the lender of the Senior Loan, MRC will agree to execute an industry standard agency inter-creditor agreement.
- Loan to Cost/Value: The Loan plus any loan senior to the Loan will constitute no more than 90% of the Project development budget inclusive of land costs and no more than 80% of stabilized appraised value of the Project (improvements plus land) as determined by an independent MAI appraisal acceptable to the Lender.