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**NH&RA 2026
Churchill Stateside Group's USDA Rural
Development 515 & 538 Portfolio
Overview & Case Study**

Overview



- 1) Overview of USDA Rural Development 515 & 538 Loan Programs
- 2) Case Studies
 - a) USDA Rural Development 515 Portfolio Rehabilitation utilizing USDA RD 538 Loan Program & 4% Low Income Housing Tax Credits (LIHTC)
 - b) USDA Rural Development 515 Rehabilitation Utilizing USDA RD 538 Loan Program with no tax credits
- 3) Q & A

USDA Rural Development 515 Program

- USDA Rural Development Direct Loan Program
- Created by the Housing Act of 1949.
- 14,000 USDA RD 515 communities which containing approximately 415,000 rental units.
- Resident Eligibility: Very low; low and moderate families; elderly and persons with handicaps and disabilities.
- 2026 515 Fiscal Year Allocation of \$50,000,000.
- Initial (new construction), Subsequent (rehab), and Transfer (resetting of existing) Loan 515 Term Loans
 - 30 year Term
 - 50 year Amortization
 - 1% Rate
- Section 521a Rental Assistance – Rent Subsidy. 2026 Fiscal Year of \$1,715,000,000. Very important for preserving these properties.
- New 515 money only available for existing 515 properties. Majority of Rehabilitation require Transfer of Ownership especially if doing a LIHTC Deal.

USDA 538 Guaranteed Loan

Construction and permanent financing for rural multifamily developments.

Eligible Properties:

- New construction or substantial rehab, 5+ units
- Must be in an eligible rural community
- Maximum rent & income cannot exceed 115% AMI
- Average rent & income cannot exceed 100% of AMI

Commercial Space: Maximum of 10% of Net Rentable Area & 10% of EGI

Guarantee: 90% of the Loan Amount

Term/Amortization: Minimum 25 years, Maximum 40

Prepayment: Standard is 10-Year total prepayment period with 0-2 year lock-out followed by declining penalty thereafter

Recourse: Nonrecourse loan with standard carve-outs, completion guarantee required

DSCR: 1.15 for all mandatory pay debt

LTV: 90% For-Profit; 97% Non-Profit Borrower

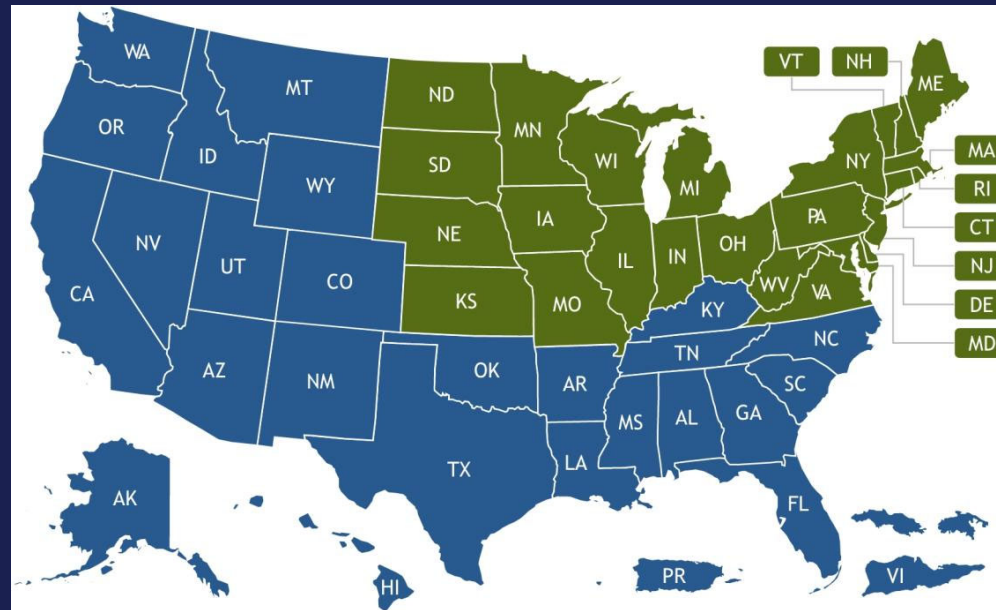
LTC: 70% (for now)

USDA Guarantee Fee:
Initial Fee: 0.60% of Guaranteed Loan Amount
Ongoing: 0.25% of Unpaid Principal Balance

O&M Reserve: Minimum 2% of loan amount funded at permanent loan closing; released as surplus cash distribution after first year of stabilized operations. Many syndicators allow this to fund from ODR

Wage Requirements: No Davis Bacon or similar wage requirement

RD Production & Preservation Division



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USDA 515 & 538 4% LIHTC & Bond Portfolio

Structure Overview

- Single Bond Issuance (Properties must be located within a single state)
- Tax Credit Applications by Property
- Through the 515 transfer process the existing 515 Debt becomes subordinate to 538 Debt
- New 538 Debt by Property
- Short-Term Cash Collateralized Bonds are Collapsed at Maturity (Typically 24-36 Months)

Benefits of Portfolio Structure

- Rehab Multiple Properties at Once
- Bond Costs Spread Over Multiple Projects
- Stronger Projects 'Support' Weaker Projects
- Retain Rental Assistance Tied to 515
- Churchill Can Provide all Services and Acts as a Consultant Throughout Process

515/ 538 Portfolio Case Study - 4% LIHTC



Location: Georgia
Number of Properties: 13
Number of Units: 410 (Average 32 unit per property)
Bond Issuance: \$26,100,000
USDA 515 Mortgage: \$9,200,000
USDA 538 Mortgage: \$11,100,000
Federal Tax Credit Equity: \$18,200,000
GA State Tax Credit Equity: \$11,300,000
Equity Bridge Loan: \$14,500,000

New 515 Loan: \$1,400,000
RD MPR 515: \$2,300,000
Construction Period: Up to 24 Months, Interest Only
Permanent Term: 40 Years
Amortization: 40 Years
Guarantee: Non-Recourse Construction through Perm
Bond Issuer: The Housing Authority of Macon-Bibb County

515 Portfolio

Sources and Uses

SOURCES

• 4% Federal LIHTC Equity:	\$18,202,356
• GA State LIHTC Equity:	\$11,266,617
• Churchill USDA RD 538 Loan:	\$11,075,000
• New 515 Loan:	\$1,417,013
• Assumed 515 Loan:	\$9,184,157
• RD MPR 515 Loan:	\$2,295,839
• Other Sources:	\$1,850,590
• Deferred Developer Fee:	<u>\$1,540,806</u>
	\$56,832,378
**** Bond Issuance:	\$26,054,000
**** Churchill Equity Bridge Loan:	\$14,526,683

USES

• Property Acquisition:	\$10,997,157
• Hard Costs:	\$28,078,933
• Soft Costs:	\$3,755,991
• Financing Costs:	\$3,249,216
• Developer Fee:	\$7,663,310
• Total Reserves:	\$2,390,124
• Financing Costs Equity:	<u>\$697,646</u>
	\$56,832,378

Case Study

USDA 515 Rehabilitation with No Low Income Housing Tax Credits



Location: Connecticut
Number of Units: 41
USDA 515 Mortgage: \$289,322
USDA 538 Mortgage: \$1,462,000

Rehab per Unit: \$10,066
Construction Period: Up to 24 Months, Interest Only
Permanent Term: 40 Years
Amortization: 40 Years
Guarantee: Non-Recourse Construction through Perm

515 Rehabilitation with No LIHTC

Sources & Uses

SOURCES

- 515 Debt (Existing): \$289,322
 - Churchill USDA RD 538 Loan: \$1,462,000
 - Developer Equity: \$73,000
 - Reserves (Existing): \$185,000
 - Deferred Developer Fee: \$120,513
- \$2,129,835

USES

- Property Acquisition: \$1,028,383
 - 515 Debt (Existing): \$289,322
 - Hard Costs: \$393,135
 - Soft Costs: \$109,252
 - Financing Costs: \$117,022
 - Developer Fee: \$173,000
 - Interest Reserve: \$19,721
- \$2,129,835

Q & A



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Thank you!

