

**Equity Bridge Loan Rider –
LIHTC Multifamily**

**U.S. Department of Housing
and Urban Development**
Office of Housing

OMB Approval No.
(Exp. //)

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{Use to meet the MAP Guide Chapter 14 requirements for equity bridge loans used as a substitute for deferred tax credit equity pay-in as approved by HUD in the Firm Commitment.}

This Rider (“**Rider**”) is attached to and made part of [insert name of equity bridge loan note] (“**EBL Note**”), made as of _____, 20__ by [insert name of equity bridge loan borrower] (“**EBL Borrower**”) to _____ (“**Bridge Lender**”).

WHEREAS, [insert name of HUD borrower on the HUD Loan] (“**HUD Borrower**”) has obtained financing from [insert name of FHA lender] (“**FHA Lender**”) for the benefit of the project known as [insert project name], FHA No: [insert project number] (“**Project**”), which loan is secured by a [insert name of security instrument] (“**Security Instrument**”) dated as of _____, and recorded in the [Recorder’s Office or other land records office] of _____ County, _____ on _____ as document number _____, and is insured by the United States Department of Housing and Urban Development (“**HUD**”);

WHEREAS, EBL Borrower has obtained equity bridge loan financing from the Bridge Lender to defer HUD Borrower’s required equity pay-in for the Project;

WHEREAS, as a condition of approving the EBL Note and insuring FHA Lender’s financing for the Project, HUD requires that the terms of the EBL Note and related documents executed by the EBL Borrower (collectively, the “**EBL Documents**”) be made subject to HUD Requirements, as that term is further defined below.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

- (a) In addition to the terms defined above, the following terms have meanings set forth below:
- i. “**HUD Loan Documents**” means the HUD-insured Note, Security Instrument, HUD Regulatory Agreement, and all other documents executed in connection with the HUD Loan.

- ii. **"HUD Regulatory Agreement"** means the Regulatory Agreement for Multifamily Projects (HUD-92466M) entered into by and between HUD Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.
 - iii. **"HUD Requirements"** means, collectively, the HUD Loan Documents, this Rider, and Program Obligations.
 - iv. **"HUD Loan"** has the same meaning as "Loan" as such term is specified in the Security Instrument.
 - v. **"Mortgaged Property"** has the meaning specified in the Security Instrument.
 - vi. **"Project Assets"** has the meaning specified in the HUD Regulatory Agreement.
 - vii. **"Program Obligations"** means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Security Instrument rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on "HUDCLIPS," at www.hud.gov.
- (b) In the event of any conflict between (i) the EBL Documents and (ii) the HUD Requirements, the HUD Requirements are controlling in all respects.
- (c) The EBL Documents and all amounts now or hereafter advanced thereunder or secured thereby are expressly subordinate to the HUD Loan Documents and all amounts now or hereafter advanced thereunder or secured thereby.
- (d) The loan evidenced by the EBL Note is nonrecourse to the HUD Borrower and is not secured by a lien or security interest in the Mortgaged Property.
- (e) Any payments due under the EBL Documents shall only be payable from [insert if applicable: capital contributions from [partners] [members] of the HUD Borrower, or] non-Project Assets. The restriction on payment imposed by this paragraph does not excuse any default caused by failure of the EBL Borrower to pay the indebtedness evidenced by the EBL Note. [For identity of interest Bridge Lender,

any indemnification provisions in the EBL Documents are hereby expressly limited by the HUD-required provisions in the Borrower's organizational documents.]

(f) [Bridge Lender may not] or [For identity of interest Bridge Lender: Neither [Bridge Lender] nor [HUD Borrower's] [limited partners] [members] may] assert any claims, even in an event of default, against the following:

- i. the Project;
- ii. the proceeds of the HUD Loan;
- iii. the Mortgaged Property; or
- iv. any reserve or deposit with respect to the Project required by Program Obligations.

(g) If HUD acquires title to the Project by foreclosure or deed in lieu of foreclosure, the Bridge Lender hereby agrees that the EBL Documents will be discharged with respect to the HUD Borrower, and the HUD Borrower will be released of all of its obligation with respect to the EBL Documents. The discharge of the HUD Borrower's obligations under this paragraph neither: (1) excuses or relieves any co-signer, guarantor or any other party from the obligation to repay the indebtedness evidenced by the EBL Note; nor, (2) affects, limits, or impairs the Bridge Lender's ability to seek a monetary judgment and pursue other remedies against any co-signer, guarantor or other party.

(h) The loan evidenced by the EBL Note may last through the construction or rehabilitation period provided for in the HUD Loan Documents, but will be paid in full no later than: *[select the appropriate option and strikethrough remaining inapplicable options]*

___ [EBL provided by private, for-profit lender on a 221(d)(4)/220 loan] no later than one year after HUD's final endorsement of the HUD Loan;

___ [EBL provided by private, for-profit lender on a 223(f) loan] no later than one year after 100% completion of repairs;

___ [EBL provided by not-for-profit, public sector, or quasi-public sector entities on a 221(d)(4)/220 loan] no later than ten years after HUD's final endorsement of the HUD Loan;

___ [EBL provided by not-for-profit, public sector, or quasi-public sector entities on a 223(f) loan] no later than ten years after HUD Borrower's 100% completion of repairs required by the HUD Loan Documents.

(i) The EBL Documents may not be amended, assigned, transferred, sold, or otherwise held without the prior written consent of HUD.

- (j) Neither the Bridge Lender nor any of its participants (if any) will have any lien upon or right of set-off against any assets of the HUD Borrower that serve as collateral for the HUD Loan.

{The following statement must be included above each party's signature and appear on the same page as the signature.}

The signatory below certifies that all of the information provided in this Rider and in any accompanying documentation is true, accurate, and complete, has been made, presented, and delivered for the purpose of influencing an official action of HUD, and may be relied upon by HUD as a true statement of the facts contained therein. The signatory acknowledges that the submission of any false, fictitious, or fraudulent statement, representation, or certification in this Rider or on any accompanying documents may result in criminal, civil, and/or administrative sanctions, including fines, penalties, and/or imprisonment under applicable federal law.

IN WITNESS WHEREOF, the parties hereto have executed this Rider as of the day and year first written above.

EBL BORROWER:

BRIDGE LENDER:

By:

By:

 Name:
 Title:

 Name:
 Title:

[Jurats to be added]