

Bay Area Transit Oriented Affordable Housing Fund

PROJECT LOAN TERM SHEET–CONSTRUCTION-to-MINI-PERMANENT

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 Bay Area TOAH Fund or any other party in any way. The terms contained herein are of a summary nature and are not all-inclusive. For more information, please visit the Bay Area TOAH Fund website (www.bayareatod.com).

Originating Lenders:	Corporation for Supportive Housing, Enterprise Community Loan Fund, Low Income Investment Fund, Local Initiatives Support Corporation, and Northern California Community Loan Fund
Loan Type:	Construction-to-Mini-Permanent
Loan Amount:	Maximum loan commitment amount of \$7,500,000.
Development Parameters:	All developments must be: <ul style="list-style-type: none"> ▪ Located in a Priority Development Area (“PDA”) in the nine-county Bay Area, which consists of the following counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma, including incorporated cities. ▪ Located within ½ mile of quality transit services, which includes BART, light rail, bus rapid transit, etc.
Public Sector Support Requirement:	The Fund will require demonstration of local public sector support for the project, which could take the form of a financial commitment to the project or a Letter of Support on agency letterhead.
Loan to Value:	Nonprofit Borrowers: up to 90% of the complete restricted value of real estate. For-Profit Borrowers: up to 90% of the complete restricted value of real estate.
Equity Requirement:	Nonprofit Borrowers: At least 10% equity contributed at closing, based on total development cost, can be in the form of subordinate soft debt from local government agencies, grants, and/or contributed land equity in lieu of some or all of the equity. For-Profit Borrowers: At least 10% cash equity contributed at closing, based on total development cost.
Eligible Use:	The following projects are eligible: <ul style="list-style-type: none"> ▪ <u>Community Facilities and Catalytic Neighborhood Projects</u> – Financing for stand alone childcare centers, health clinics, charter schools, neighborhood retail, fresh food markets or other community facilities that meet non-housing community needs; ▪ <u>Mixed-Use Projects</u> – Eligible for financing when housing component meets Fund criteria and additional uses, such as neighborhood retail, childcare centers, or social services, meet community needs; and ▪ <u>Other</u> – Construction financing for other types of property, such as affordable housing or commercial properties, will be considered on a case-by-case basis. Mini-permanent funding will be included as part of the financing package.
Eligible Borrowers:	Eligible borrowers may be nonprofit or for-profit corporations, municipal agencies and redevelopment agencies, and joint ventures comprised of such entities, with a track record of developing affordable housing or other projects that meet a community need (“Project Sponsors”). Limited partnerships or limited liability companies affiliated with the Project Sponsors are also eligible.
Sponsor / Borrower Requirements:	Project Sponsors/Borrowers will meet the following requirements: <ul style="list-style-type: none"> ▪ Three (3) years minimum affordable housing or non-housing related property development experience; ▪ Is in good standing with the applicable county, and any other applicable federal, state and local agencies; ▪ Successful track record of obtaining financing resources for similar projects (public and private); ▪ Has no material defaults on development financing within the past seven (7) years; ▪ Has not experienced a material adverse financial change, based on review of internally prepared and/or audited financial statements; and ▪ For affordable housing projects, Sponsor shows evidence of successful

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	completion of at least two (2) projects similar in scope; For community facility projects, Sponsor demonstrates the capacity and development team to successfully execute the Project.
Recourse:	Construction loans will have full recourse to the Project Sponsor, including guarantees from parent organizations, if applicable. Mini-permanent loans will have full recourse to the Project Sponsor, including guarantees from parent organizations, if applicable. Additional guarantees from third parties may be required.
Interest Rate:	Loan pricing will be fixed rate for the original term of the loan at closing. The interest rate for loans closed during calendar 2015 is projected to be between 4.25% and 5.25% depending on loan term.
Repayment:	<u>For Construction Phase:</u> Interest-only payments, principal due at maturity or upon receipt of identified repayment source. Interest-only payments will be made from an interest reserve funded through loan proceeds. If interest reserve is exhausted, Borrower will make payments out of pocket. Principal repayment will be the mini-permanent financing offered as part of the financing package. <u>For Mini-Permanent Phase:</u> Principal and interest payments, based on level payment amortization schedule not to exceed 25 years, with or without a balloon. For mini-permanent loans with a balloon payment at maturity, the loan must be supported by a refinance analysis, assuming conventional financing terms. Additional principal curtailments may be made on a periodic basis if there are other identified repayment sources.
Fees:	The Borrower will pay an Origination Fee of 2.00% of the Project Loan, payable upon closing. The Originating Lender may charge an application and/or commitment fee, which will be credited against the Origination Fee.
Covenants:	Standard for this type of loan.
Events of Default:	Standard.
Term:	<u>For Construction Phase:</u> The maximum construction loan term is two (2) years. <u>For Mini-Permanent Phase:</u> The expected loan term for the mini-permanent phase is five-to-six (5-to-6) years, depending on the length of the construction phase. Combined construction-to-mini-permanent loan term won't exceed seven (7) years.
Security:	All construction and mini-permanent loans will be secured by real estate in a first priority position, cash, letter of credit or first priority interest in other comparable collateral. Other secured loans will be subject to subordination and standstill agreements. Additional collateral may also be required, depending on the type of construction.
Loan Conditions:	Loan agreements will require the following conditions prior to closing: <ul style="list-style-type: none"> ▪ Standard financial covenants (to be determined) ▪ Standard reporting requirements (to be determined) ▪ Other reports as required by the Originating Lender
Third Party Reports:	Summary appraisal with "as-is" market value for the land and any existing building, an "as-completed and stabilized" market value for the proposed project and an "as completed and stabilized" restricted value, if applicable. Environmental site assessment, geotechnical survey, and other reports as required by the Originating Lender.
Reporting Requirements:	In addition to the standard reporting requirements for a loan of this nature, Borrower must agree to comply with any additional reporting requirements required by the Fund to document the impact of the Fund. All reporting requirements will be clearly defined in the loan documents.
Needs Test:	The Originating Lender must demonstrate how the proposed loan terms facilitate the development of affordable housing projects and other eligible projects.