

Southland Community Development Loan Fund

ACQUISITION LOAN 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 behalf of the South Suburban Mayors and Managers Association, it's members, and Enterprise Community Loan Fund, Inc. or any other party in any way.

Lender:	Enterprise Community Loan Fund, Inc. ("ECLF" or "Lender")
Maximum Loan Amount:	Up to \$3 million
Eligible Borrowers:	Eligible borrowers may be nonprofit or for-profit corporations, municipal agencies, and joint ventures comprised of such entities, with a track record of developing multifamily and mixed use or other projects that meet the needs of the South Suburban Mayors and Managers Association ("SSMMA") as defined under their HUD Sustainable Communities Challenge Grant. Limited partnerships or limited liability companies affiliated with the Project Sponsors are also eligible.
Eligible Uses:	<p>The following project types are eligible:</p> <ul style="list-style-type: none"> • Multifamily Rental Housing: Residential projects must support the mixed-income goals of the Southland Fund. • Mixed-Use Projects: Mixed use projects must conform to the above stated Multifamily Rental Housing. Any commercial or retail should support and compliment the TOD objectives of the Southland Fund. <p>The Southland Fund will consider acquisition of vacant land and operating housing where the intent of the acquisition of the operating property is to preserve housing affordability or address another community need. For occupied and/or income producing multifamily housing properties, up to \$7,500/unit is allowed for immediate capital improvements related to life safety or code violations.</p>
Development Parameters:	<p>All acquisition sites must be:</p> <ul style="list-style-type: none"> • Located in a municipality that is a participating member of the South Suburban Mayors and Managers Association ("SSMMA") • Located within ½ mile of quality transit services, which includes METRA stations and major fixed route bus transit. Projects located outside of the ½ mile proximity will need to present a compelling case for consideration to the Southland Fund.
HUD Requirements	All acquisition projects are subject to the requirements under Program Policy Guidance Number 2011-08 - <i>Property Acquisition Requirements</i> , Program Policy Guidance Number 2011-05 – <i>Documentation to Submit for Environmental Clearance</i> and Program Policy Guidance OSHC-2013-03 - <i>Real Property Acquisition; Housing Affordability and Other Information</i> .
Affordability Requirements	All acquisition loans originated by the Southland Fund will be subject to a 30 year deed restriction that restricts the affordability of the property and improvements to either: i) 20% of the units restricted to 50% of the Area Median Income or ii) 40% of the units restricted to 60% of the Area Median Income.
Public Sector Support Requirement:	The Southland Fund will require demonstration of local public sector support for the project. At a minimum, the Borrower must demonstrate that the site has received all necessary zoning approvals.
Financing Commitments:	The Borrower must demonstrate that they have either public sector or private financing commitments exceeding 10% of the cost of the real

Southland Community Development Loan Fund

	estate prior to closing of the Southland Fund loan.
Loan to Value:	Up to 60% of the lesser of the as-is appraised value of the real estate or the purchase price for vacant and/or unimproved property Up to 80% of the lesser of the as-is appraised value of the real estate or the purchase price for occupied and/or income producing property. Minimum 80% occupancy required.
Equity Requirement:	Nonprofit Borrowers: At least 15% equity contributed at closing, based on total acquisition cost, can be in the form of subordinate debt from local government agency and grants in lieu of some or all of the equity. For Profit Borrowers: At least 25% equity contributed at closing of which 10% cash equity, based upon total acquisition cost.
Developer Requirements:	Developer will meet the following experience requirements: <ul style="list-style-type: none"> • Three (3) years minimum multifamily or mixed-use real estate development experience; • Is in good standing with SSMMA and its members, Enterprise Community Loan Fund, Inc. and any other applicable federal, state or local agency; • Successful track record of obtaining financing resources for similar projects; • Has no material defaults on development financing within past seven (7) years; • Has not experienced a material adverse financial change; and • Successful completion of at least two (2) projects similar in scope.
Recourse:	Acquisition loans will have full recourse to the Borrower, including guarantees from parent organizations, if applicable.
Collateral:	All acquisition loans will be secured by real estate in a first priority position. Other secured loans will be subject to subordination and standstill agreements.
Interest Rate:	Loan pricing will be fixed for the original term of the loan at closing. Both variable and fixed rate options available.
Repayment:	Interest-only payments, principal due at maturity or upon receipt of identified repayment source, including the closing of construction financing or internally generated funds.
Fees:	The Borrower will pay an Origination Fee of 2.00% of the Project Loan, payable upon closing. The Lender may charge an application and/or commitment fee, which will be credited against the Origination Fee.
Covenants:	Standard for this type of loan and in conformance with HUD Requirements noted above.
Events of Default:	Standard. Will be defined in the loan agreement.
Term:	The maximum acquisition loan term is up to five (5) years.
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 HUD and the Lender
Third Party Reports:	Summary appraisal with "as-is" market value for the land and any existing buildings. Environmental site assessment, geotechnical survey, and other reports as required by the 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 Southland Fund to document the impact and for compliance with HUD. All reporting requirements will be clearly defined in the loan documents.
Needs Test:	The Borrower must demonstrate how the proposed loan terms facilitate

Southland Community Development Loan Fund

support the goals of SSMMA and HUD.

The terms contained herein are of a summary nature and are not all-inclusive. For more information, please contact: Andrew Geer, Vice President & Market Leader – Chicago, Enterprise Community Partners, 312.803.0790
ageer@enterprisecommunity.org

