

Southland Community Development Loan Fund

PREDEVELOPMENT 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")
Maximum Loan Amount:	Maximum loan commitment amount of up to \$500,000, non-revolving.
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 multi-family or mixed use housing 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 goals. Any commercial or retail should support and compliment the TOD objectives of the Southland Fund. <p>Loan proceeds may be used for a broad range of activities, including but not limited to: architecture, engineering, environmental studies, soils reports, title, surveys, market studies, appraisals, site control and zoning expenses, and carrying costs. Loan proceeds may not be used for payment to staff or overhead of the Borrower.</p>
Development Parameters:	<p>All project 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 reason 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> .
Public Sector Support Requirement:	The Southland Fund will require demonstration of local public sector support for the project. All projects seeking a predevelopment loan will be reviewed utilizing the SSMMA Housing Tool for project fit with the regions TOD goals.
Financing Commitments:	The Borrower must demonstrate that they have significant public sector and/or private financing commitments towards the permanent financing of the project prior to closing of the Southland Fund loan. Projects that are seeking an early stage predevelopment loan can apply for a staged commitment to support planning and applications for financing.
Developer Requirements:	Developer will meet the following experience requirements:

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	<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:	Predevelopment loans will have full recourse to the Borrower, including guarantees from parent organizations, if applicable.
Security:	Predevelopment loans will be secured by a first priority position on any available real estate or other collateral acceptable to ECLF. Other acceptable collateral includes a pledge of developer fees. Loan to value up to 100% of the as is appraised value of the real estate or any other collateral pledged for the project. At the discretion of the Southland Fund, unsecured predevelopment loans will be considered based upon the strength of the Developer, Borrower, Guarantor and projects achievement of the goals of the Southland Fund.
Interest Rate:	Loan pricing will be fixed for the original term of the loan at closing. The interest rate for loans closed during calendar 2013 is projected to be 3.00%.
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. Interest-only payments will be made from a capitalized interest reserve funded through loan proceeds. The interest reserve may be reduced or eliminated if the Project Sponsor demonstrates the financial strength to make out of pocket interest payments, identifies another source to pay interest payments or there is a source of stable cash flow from the acquisition property. If interest reserve is exhausted, Borrower will make payments out of pocket.
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 predevelopment loan term is up to three (3) years.
Loan Conditions:	Loan agreements will require the following conditions prior to closing: <ul style="list-style-type: none"> • Project milestone schedule • Evidence of financing commitments • Standard financial covenants (to be determined) • Standard reporting requirements (to be determined) • Other reports as required by HUD and 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 Lender must demonstrate how the proposed loan terms facilitate support the goals of SSMMA and HUD.

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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
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