

UPDATED TERM SHEET
Eight Trees Apartments
183 Acalanes Dr., Sunnyvale, CA 94086

	Existing Conditions in June 2016	Proposed Terms (as of June 2016)	Updated Proposal Sept. 2017
Units	24 Units: 1-bedroom: Four Units 2-bedroom: Eighteen Units 3-bedroom: Two Units	No Change	Reconfigure several units to result in: 1-bedrooms: Eight 2-bedrooms: Ten 3-bedrooms: Six; 24 Units total
Owner / Borrower	HomeFirst SCC (HF)	MidPen Housing Corp. Affiliate (MP)	MP Eight Trees LLC (MidPen Affiliate)
Loans	<ul style="list-style-type: none"> First Mortgage of ~\$2.1M held by private tax-exempt bond holder 4 City Loans with total outstanding balance of slightly over \$1.8 million (see Attach. 2 for details) City loan funding sources: CDBG, HOME, Housing Mitigation 	<p>Phase 1:</p> <ul style="list-style-type: none"> MP to assume all existing debt; Add new \$600K City loan for immediate repair needs and other immediate needs (subject to approval of CDD Director) <p>Phase 2 (refinancing):</p> <ul style="list-style-type: none"> Pay off 1st mortgage with new tax credit equity; Consolidate and restructure existing City debt; Seek additional City/other financing for substantial rehabilitation project 	<p>Phase 1: completed;</p> <p>Phase 2:</p> <ul style="list-style-type: none"> Pay off 1st mortgage in January with new City Loan of \$3.3 million; Restructure existing City debt; Apply for 9% tax credits in March 2018 Apply for County funds and/or project-based vouchers (PBVs) Complete property rehabilitation following TCAC award (if successful)
City Loan Terms	Mix of amortizing and fully deferred loans; most with interest rates at 5% simple	<p>Phase 1, post-closing:</p> <ul style="list-style-type: none"> Convert all to 3% simple deferred, residual receipts, 55-years; 	<p>Phase 1, post-closing:</p> <ul style="list-style-type: none"> Restructure deferred to Phase 2;

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		<ul style="list-style-type: none"> Combine loans of same funding source into single loan <p>Phase 2:</p> <ul style="list-style-type: none"> Consider MP additional funding request of up to \$2.4M for substantial rehab project; Coordinate with MP to facilitate tax credit application and identify other potential soft lenders 	<p>Phase 2:</p> <ul style="list-style-type: none"> New City loan of \$3.3M at 0%, residual receipts; Restructure existing debt: <ul style="list-style-type: none"> Reduce interest rate to 0%, add residual receipts; Forgive accrued interest; Combine loans of same funding source into single loan (see Attachment 5) Coordinate with MP to facilitate 9% tax credit application in March and identify other potential soft lenders and/or apply for PBVs
Loans Maturity Date	Ranges from 6/30/2016 to 2033	55 years	55 years from new loan closing

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Afford- ability Restrict- ions	Mix of Extremely Low, & Very Low (ELI & VLI)	<p>Phase 1: Adjust to Low for Restructuring Period (tenant rents will not be changed): necessary to support additional financing for rehabilitation project</p> <p>Phase 2:</p> <ul style="list-style-type: none"> • New tax credit financing will include mix of ELI, VLI, and Low; • Seek award of project-based vouchers to provide deeper affordability and improve cash flow 	<p>Phase 1: Adjusted all units except 1 HOME unit to Low (50-80% AMI) for restructuring period (tenant rents will not be changed); 1 HOME unit at VLI 50% AMI.</p> <p>Phase 2:</p> <ul style="list-style-type: none"> • New tax credit financing will include mix of ELI, VLI, and Low; • Applied for project-based vouchers to provide deeper affordability and improve cash flow • Current ELI/VLI tenants remain onsite.

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TIMELINE

Milestone Responsible Party: MidPen	Target Date	Status
<i>Property Acquisition</i>	<i>July 2016</i>	<i>Completed</i>
<i>Perform immediate repairs with Critical Repairs Loan from City</i>	<i>September 2016-November 2016</i>	<i>Completed</i>
<i>Apply for City Housing Mitigation Funds (HMF)</i>	<i>October 2016</i>	<i>Completed</i>
<i>Submit Planning Application to City for Renovations</i>	<i>July 2016</i>	<i>Completed</i>
Zoning Administrator Hearing on Proposed Renovations	October 2017	Pending
Housing and Human Services Commission Hearing on new HMF Loan Proposal	October 18, 2017	Pending
City Council Hearing on HMF Proposal	November 7, 2017	Pending
Close new HMF Loan with City	December 2017	Pending
Pay off First Mortgage with new City HMF Loan	February 2018	Pending
Apply for 9% Tax Credits	March 2018	Pending
TCAC Awards Announced	June 2018*	Pending
Close Construction Loan/Start Renovation Work	December 2018	Pending
Finish Renovation Work	December 2019	Pending
Certificate of Occupancy	January 2020	Pending