

Proposed Term Sheet

Conditional Commitment Terms:

Applicant: First Community Housing
Project Site: 245 W. Weddell Drive, Sunnyvale
Project Type: Redevelopment project consisting of demolition, rehabilitation and construction of new housing for a total of 87 affordable rental units upon completion (25 net new)
Funding Amount: \$6 million in Housing Mitigation funds

Deadline to satisfy conditions: Two years from date of award letter

Standard Conditions:

1. Complete environmental review (CEQA, NEPA if any federal funds are awarded);
2. Obtain all entitlements and any other permits required;
3. Secure commitment letters for all sources of matching funds required to build the project;
4. Enter into City loan and regulatory agreements in form provided by the City;
5. Provide documentation of all City-required insurance policies, bonds, etc. prior to loan closing;
6. Comply with applicable wage compliance provisions of any/all funders;

Special Conditions:

7. Applicant may use the design-build method for this project on a pilot basis, conditioned upon completion of a third-party review of the estimated construction costs and value engineering process, to be prepared by an qualified, neutral firm to be approved in advance by staff; and
8. City will consider extending the terms of existing City loans to coincide with new loan term at the time of final loan commitment.

| Form of Funding: | Construction and Permanent Loan |
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| <i>Principal</i> | Up to \$6 million |
| <i>Interest Rate</i> | 3% simple deferred, begins accruing at occupancy |
| <i>Payment Terms</i> | Fully deferred except for residual receipts (i.e., surplus cash) payments, all principal and interest due in full at end of term |
| <i>Loan Term</i> | Ends 55 years from project occupancy |
| <i>Miscellaneous Terms</i> | City's loan stays in first lien position except for construction loan and/or any permanent bank loan (i.e., will not subordinate to other soft/junior loans such as County, Housing Trust, CalHFA, etc.) |
| <i>Eligible Uses</i> | Construction and/or related development costs |