

Revised Term Sheet

Final Bridge Loan Terms for Benner Plaza

- Awardee:** MidPen Housing Corp. (or its affiliate entity to own project)
- Project Site:** 460 Persian Drive, Sunnyvale
- Project Type:** Family/all-age rental project of 66 units
- Funding Amount:** \$5 million in Housing Mitigation funds
- Bridge Loan Term:** Two years from close of escrow
- Interest:** 3% simple, deferred until conversion to permanent loan or due at end of term, whichever occurs first
- Principal:** Fully deferred until conversion to permanent loan or due at end of term, whichever occurs first.
- Conditions:** Enter into loan agreement (includes affordability covenant and indemnification clauses), promissory note, and deed of trust in a form approved by the City Attorney; provide evidence of all required insurance policies; close escrow in an escrow office within Santa Clara County approved by the City.

Conditions for Permanent Loan:

Completed:

1. Complete environmental review processes (CEQA, NEPA as applicable).
2. Obtain all entitlements.

Pending Conditions:

3. Obtain all required ministerial permits (building, encroachment, etc.).
4. Secure commitment letters for all sources of matching funds required to build the project, including AHSC or adequate funding from other sources.
5. Apply for 4% tax credit allocation and receive 4% tax credit award letter.
6. Enter into City loan documents and regulatory agreement in form approved by the City.
7. Provide documentation of all City-required insurance policies, bonds, etc. prior to loan closing.
8. Comply with applicable wage compliance provisions of any/all funders.

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SUMMARY

	Bridge Loan	Permanent Loan
Principal	Up to \$5 million	Up to \$5 million (includes funds drawn on bridge loan)
Interest Rate	3% simple deferred	3% simple deferred, begins accruing at occupancy
Payment Terms	<ul style="list-style-type: none"> Accrued interest due & payable in full at construction closing; Outstanding principal refinanced into City permanent loan at construction closing 	Fully deferred except for residual receipts (i.e., surplus cash) payments, all principal and interest due in full at end of term
Loan Term	Maximum 2 years	Ends 55 years from project occupancy
Miscellaneous Terms	<ul style="list-style-type: none"> Bridge loan can close and funds can be drawn after applicant obtains entitlements for the project (January 2016); Bridge loan must be in first position (other lenders on title shall subordinate); Provides City with first right of refusal to purchase property in the event of project cancellation and sale of property 	Perm 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, other than AHSC or other State loan)
Eligible Uses	Acquisition (pay off one or more existing bridge lenders)	Construction and/or related development costs