

CONSTRUCTION LOAN FINANCING TERM SHEET

The loan terms listed below are provided as a summary and are subject to change. Final terms are subject to negotiation based on underwriting parameters and/or documentation requirements. Loan commitments will embody the requirements for loan closing.

CONSTRUCTION LOANS:

Maximum Loan: Lower of 90% of development costs or 80% of Investment Value from current appraisal subject to underwriting determinations.

Fees: Commitment Fee: One percent 1.00% of the loan amount.

Processing Fee: \$1,500

Out-of-Pocket Costs: Borrower is responsible for all out-of-pocket costs including, but not limited to, appraisal, legal, title, funds disbursement, environmental surveys, etc.

Interest Rate: 250 basis points above monthly 30-day Commercial Paper Rate adjusted monthly.

Term: 18 months (6 month extension with IHFA approval).

Guarantors: Guarantee by the general partner and personally by Principals.

Other Expenses: Borrower shall be responsible for all out-of-pocket expenses of the Borrower and IHFA including, without limitation, appraisals, appraisal review, environmental reports, title and recording costs, survey costs, insurance, legal fees, architectural fees (pre-construction and periodic inspections), credit reports, soils tests, physical needs assessment, taxes and assessments due on the date of closing, and all other expenses in connection with the negotiation of, preparation for, and closing of the Loan. In the event the Loan does not close, such out-of-pocket costs are not refundable.

Please include a check for \$200 for miscellaneous expenses at the time of application.

Disbursements: Disbursed through Title Company subject to 122 endorsements.

Title: ALTA Lender's Policy of title insurance reflecting a first position lien with appropriate endorsements as required.

Inspections: Monthly inspections by IHFA approved architect required for disbursement of funds.

Assurance of Completion: Performance and payment bonds or Letter of Credit equal to 25% of the construction contract.

Retainage: 5% of the construction related costs including builder's profit and

overhead.

Funds Control: IHFA requires deposit of all funds necessary to fund the development budget. Disbursements of loan proceeds are made based upon percentage of project completion for construction related costs and by invoice and evidence of payment for owner-related costs.

Equity Injection: Injections of equity during construction will be governed by a Disbursement Agreement.

Insurance: Prior to closing the construction loan, Borrower shall provide evidence of the contractor's Builder's Risk Insurance naming IHFA as additional insured in an amount of at least the full insurable value of the improvements, and the contractor's standard commercial liability policy in the amount of \$2,000,000, naming IHFA as an additional insured.

Such insurance to be in amounts, form, and by such companies as shall be approved by IHFA. Borrower will produce evidence that the contractor's insurance carrier certifies to IHFA that any partial occupancy of a portion of the development, while construction continues, will not in any manner jeopardize or reduce the coverage and the Builder's Risk insurance policy. A copy of the Certificate of Contractor's Workmen's Compensation showing IHFA as the Certificate Holder shall also be furnished.

Borrower shall also provide evidence of standard commercial liability policy in the amount of \$2,000,000, (\$3,000,000 if an elevator is involved with the project), naming IHFA as an additional insured.

Documentation: IHFA will require the following documentation as may be required or specified by IHFA or its legal counsel in order to complete the financing unless waived in writing:

Drawings and Specifications: Borrower shall furnish to IHFA and to IHFA's architect or engineer, signed and dated, complete and final drawings and specifications for review and approval prior to recording of the Deed of Trust and commencement of construction on the Development. The drawings and specifications provided are also to be formally acknowledged by the Borrower, Architect, and Contractor, to be in their complete and final form.

Soil Tests: Prior to the loan closing, Borrower shall provide IHFA, at Borrower's expense, a test acceptable to IHFA which indicates that the soil conditions of the Property site are sufficient to support the proposed construction and approves the proposed foundation design.

Government Permits and Availability of Utilities: Borrower has obtained or will obtain, or complied or will comply, with all necessary and applicable zoning development, design, and building permits, and regulations of any state, federal, or municipal

agency having jurisdiction over the Development. Borrower will provide to IHFA a copy of the following:

- (i) Building permit for the proposed development;
- (ii) Zoning approval;
- (iii) Evidence of availability of all necessary utilities setting forth cost to connect all utilities to the Development;
- (iv) Environmental Impact Statement (if required by local jurisdiction); and
- (v) Any other documentation, permits, or licenses IHFA may request reasonably evidencing the proper and lawful operation of the Development.

Organization Documents: Borrower shall provide IHFA with all organizational documentation including, but not limited to Articles of Incorporation/Organization, Bylaws, Operating Agreement, a Certificate(s) of Good Standing, Partnership Agreement(s), Assumed Name Certificate(s) or Certificate of Limited Partnership, and all revisions thereto as applicable and the same shall be acceptable to IHFA.

Opinions of Borrower's Counsel: An Opinion addressed to, and in a format satisfactory to IHFA, indicating compliance with all legal requirements in the formation of the Borrower and in the execution of documents and the enforceability of all provisions of the various loan documents and other matters as required by IHFA.

Collateral Assignment:

A Collateral Assignment of Rights to Tax Credits, Capital Contributions, Operating Reserve and Membership Interests will be required.

**Permanent Loan
Commitment:**

Construction loan approval is contingent upon borrower providing IHFA with an executed copy of the Permanent Loan Commitment.