

CEDAC

TERMS AND CONDITIONS Predevelopment Line of Credit Program

Eligible Borrowers	Non-profit developers, Community Development Corporations, Joint Ventures controlled by a non-profit partner.
Maximum Loan Amounts	Up to: \$750,000 for tax credit rental housing projects \$500,000 for other projects \$200,000 minimum
Draws on line	Maximum one draw per month, minimum draw amount \$10,000.
Collateral	full corporate recourse, including covenants limiting additional unsecured borrowing without CEDAC's consent.
Eligible Program Activities	professional and technical services; application fees; project management (may not exceed 10% of amount drawn); transaction and carrying costs of holding property; emergency construction, demolition, or environmental abatement costs
Term of Loan	Loans will be for a maximum of three years, or the closing of construction financing or contribution of public equity, whichever comes first. At its discretion, CEDAC may extend term to end of construction period.
Interest Rate	Interest will be 5.5% and accrues through the loan term.
Fees	Commitment fee for this loan is 0.5%, with an annual renewal of 0.5%. CEDAC intends to close this loan internally. If outside counsel is needed to draft material edits to CEDAC's standard loan documents, those costs will be borne by the borrower.

Borrower Development capacity criteria

Borrower Must:

- have successfully completed at least two projects of similar size, type, and financing complexity in the past five years, OR it must partner with other parties who have successfully completed at least one project of the scale and complexity proposed
- demonstrate that it possesses capacity; (sufficient to successfully manage the proposed project.

- not have sought forgiveness from CEDAC of any one predevelopment loan in excess of \$15,000, or a cumulative loan amount in excess of \$25,000, in the last three years or be in default on affordable housing project debt to any other lending agencies of the Commonwealth.
- Borrower may only receive one line of credit at a time.

Borrower Organizational finance criteria:

Borrower Must:

- produce acceptable internal financial statements on quarterly basis
- evidence no findings or material weaknesses in last three audits or management letters
- show a stable unrestricted net asset base, proportional to the size of the line of credit requested, as determined by a review of its last three annual audited financial statements.
- maintain at least \$150,000 in unencumbered cash
- be willing to execute covenants limiting additional unsecured borrowings and operating lines of credit.
- evidence a current ratio of at least 1.3
- be able to provide positive credit references for any prior or current unsecured borrowing.

Loan Reporting

Borrower Must:

- submit internal quarterly financial statements not more than 45 days after end of quarter.
- Submit annual audited financial statements, showing no findings or material weaknesses, within 180 days after the borrower's fiscal year end, that shows negotiable level of unrestricted net worth appropriate to the borrower's operations, and the size of the credit line.