

PROPOSED LOAN TERMS  
January 9, 2017  
AFFORDABLE SENIOR RENTAL HOUSING – ELM AVENUE SENIOR APARTMENTS  
CITY OF COALINGA

1. BORROWER: The Borrower will be Coalinga Senior Associates, a California Limited Partnership, the managing partner or general partner of which shall be AMG & Associates or affiliate. The Loan may be assigned only to meet Project financing requirements and/or the Borrower's limited partnership agreement.
2. PROPERTY; PROJECT: The Loan shall be made in connection with the development of the Elm Avenue Senior Apartments to be constructed on property located at Elm Avenue & E. Walnut Avenue ("Property").

The proposed project will consist of 31 affordable senior housing rental units targeting very low and low income seniors and 1 market rate manager's unit ("Project").

3. LOAN AMOUNT: The City of Coalinga ("Lender") will provide a loan to Borrower in the amount of \$382,016, which is the total of all City of Coalinga development impact fees ("Fee Deferral Loan").
4. INTEREST RATE: The outstanding principal balance of the Fee Deferral Loan shall bear no interest (0%) from disbursement through and including the construction loan closing until the earlier of (i) the permanent loan conversion or (ii) the third (3<sup>rd</sup>) anniversary of the Project's construction loan closing; thereafter, the outstanding principal balance of the Loan shall bear interest at a simple rate not to exceed three percent (3%) per year, with the Executive Director of the Lender authorized to set the rate, prior to the construction loan closing, from 0% to 3%, as reasonably necessary to make the Project financially feasible.
5. MATURITY DATE: The Fee Deferral Loan shall mature fifty-five (55) years from the date the Certificate of Occupancy or its equivalent is issued by the City of Coalinga; provided, however that the Fee Deferral Loan is due and payable upon refinancing of the Project upon the expiration of the tax credit loan.
6. USES OF LOAN PROCEEDS: The Loan proceeds will used to finance a portion of the predevelopment, development, and construction costs of the Project. Construction costs will include the cost of all fees necessary for the issuance of building permits, notwithstanding the fact that the Loan proceeds shall be disbursed so that the building permits can be issued prior to the Project's construction loan closing.
7. REPAYMENT LIMITED TO RESIDUAL RECEIPTS: Annual installments to repay the Fee Deferral Loan are limited to 20% of Residual Receipts generated by the

Project. Lenders' Share of the Residual Receipts will be used to repay the Fee Deferral Loan on a prorata basis based on the respective loan amount.

The definition of Residual Receipts is still subject to negotiation and will need to be narrowly defined to ensure that there will be cash flow to repay the Loan. This should be substantially similar to what the affordable housing industry uses, which has been pretty well standardized.

8. SECURITY: The Fee Deferral Loan will be secured by a Deed of Trust naming the Lender as the beneficiary. In the event any Loan proceeds are disbursed prior to the recording of the Deed of Trust, the Loan shall be secured by an Assignment of Agreements, Plans and Specifications.
9. NONRECOURSE: Repayment of principal and interest will be nonrecourse to the Borrower and its partners; recourse shall be limited to the property and any other security (such as the plans, specifications and other Project-related documents) given by Borrower. The loan documents will include the standard nonrecourse provision.
10. SUBORDINATION: Lender will agree to subordinate Deed of Trust and Regulatory Agreement shall be subordinate to all construction lender and Tax Credit lender permanent deeds of trust and senior loan regulatory agreements. The Lender will agree to enter into an inter-creditor agreement with any other subordinate lenders to ensure parity of distribution of Residual Receipts.