

# Woodward Corridor INVESTMENT FUND

## WOODWARD COORIDOR INVESTMENT FUND GENERAL TERMS (PERMANENT LOAN)

*This document outlines basic terms of the fund. There may be other items that arise in the course of underwriting.*

<b>Loan Amount:</b>	To be determined during the course of underwriting to ensure the following conditions are met. The <i>lesser</i> of: <ul style="list-style-type: none"><li>• Debt Service Coverage ratio of 1.25x</li><li>• Loan to Value of &lt;120%</li><li>• Loan outstanding balance in Year 16 could be refinanced assuming (1.25x DSC, 30yr am, 7% interest, 70% LTV, 9% cap rate)</li></ul>
<b>Loan Type:</b>	Fixed Rate Term Loan
<b>Loan Term:</b>	15 years
<b>Interest Rate:</b>	The interest rate on the Loan will be 5.0% fixed for 10 years. Thereafter, rate will reset based on Five-Year LIBOR SWAP with a floor of 5.0%.
<b>Amortization:</b>	30 Years
<b>Origination Fee:</b>	To be determined
<b>Equity Contribution:</b>	No less than 10% of project cost
<b>Conversion from Construction:</b>	Minimum 3 months of operations with 93% occupancy
<b>Collateral:</b>	Will include among other things (as necessary): <ul style="list-style-type: none"><li>-1st Mortgage Lien</li><li>-Title Insurance</li><li>-Assignment of Rents</li><li>-Blanket Lien on Borrower's business assets</li><li>-Assignment of construction documents</li></ul>
<b>Reserves:</b>	<ul style="list-style-type: none"><li>-Lease-up reserve to fund operating deficits during that period</li><li>-Operating/Debt Service Reserve (4 months)</li><li>-Replacement Reserves (\$300/unit)</li></ul>
<b>Prepayment:</b>	No prepayment penalty
<b>Financial Covenants:</b>	Will include among other things (as necessary): <ul style="list-style-type: none"><li>- Debt Service Coverage N/L/T 1.25:1.00</li><li>- Current Ratio N/L/T 1.20:1.00</li></ul>

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<b>Reporting Requirements:</b>	Will include among other things (as necessary): -Annual audited FYE statements and tax returns -Quarterly company prepared financial statements (including rent rolls) -Annual financial statements and tax returns of guarantors
<b>General Contractor:</b>	Contractor must provide either payment and performance bonds or a letter of credit equal to 15% of the construction contract. Hard Costs should contain a maximum price component.
<b>Architect:</b>	Must be licensed in the State of Michigan and experienced in similar projects, particularly if historic rehabilitation.
<b>Guarantor (s):</b>	Borrowers and borrowers' sponsors will be expected to provide guarantees of construction completion and debt payments.
<b>Developer Fee:</b>	Subordinated to WCIF debt service. Max 15% of total project. If historic, 20% max.
<b>Property Management Fee:</b>	Maximum 6.0% (subordinated to WCIF debt service)
<b>Closing Conditions:</b>	Will include <i>among other things</i> : (i) Appraisal report; (ii) Environmental reports; (iii) Property condition report (if needed); (iv) Evidence of zoning; (v) Title insurance and ALTA survey; (vi) Copy of all executed leases; (vii) Plan & Cost Reviews

Please direct additional questions to:  
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