

**GENERAL PROJECT LOAN TERM SHEET**

*The following Term Sheet is provided for convenience only and does not constitute a commitment to lend or borrow or an agreement to issue or accept a commitment on these or any other terms or to arrange any financing and shall not create a binding or legally enforceable obligation on the New Generation Fund LLC (the "Fund") or any other party in any way. The terms contained herein are of a summary nature and are not all-inclusive. The activities and policies of the Fund will be governed by the legal documents to be executed by parties to the Fund and reference is made to such documents for definitive descriptions of the Fund and its activities.*

**General Project Loan Terms\***

- Loan Amount:** Maximum loan commitment amount of \$10,000,000. Higher amounts permissible on an exception basis with Fund approval.
- Loan to Value:** **Non-Profit Borrowers** can borrow up to 120% of the lesser of the as-is appraised value or the purchase price. An additional 10% is available in the form of a capitalized interest reserve, up to a total of 130% LTV. **For-Profit Borrowers** can borrow up to 95% of the lesser of the as-is appraised value or the purchase price.
- Zoning:** All properties that serve as collateral for project loans must be "as of right" zoned. Exceptions may be made for properties requiring rezoning.
- Loan Proceeds:** Loan proceeds may be used for the acquisition of vacant land, for the purchase of property improvements including buildings, and for predevelopment expenses.
- Equity Requirement:** **For-Profit Borrowers** must contribute a minimum of 5% of the total acquisition and predevelopment project costs in cash at closing. **Non-Profit Borrowers** must contribute a minimum of 5% of the total acquisition and predevelopment project costs in equity at closing. The equity requirement may be satisfied through the contribution of cash, grants or subordinate debt. For Non-Profit Borrowers only, up to 20% of the total equity requirement (1% of the total acquisition and predevelopment project costs) may take the form of an in-kind contribution.
- Recourse:** For **For-Profit Borrowers**, the Fund will have recourse to the Borrower and Guarantor of 100% of the total loan commitment amount. For **Non-Profit Borrowers**, the Fund will have recourse to the Borrower and Guarantor of 25% of the total loan commitment amount.
- Project Loan Rate:** The Project Loan interest rate will be indexed to LIBOR. The Borrower may choose to have the Project Loan interest rate based off of either a 30-day variable rate or a 12-month fixed rate. An interest rate floor will apply. Prepayment penalties may apply for fixed-rate Project Loans.
- Interest Payments:** Interest is payable monthly at the end of each month. 100% of the projected loan interest must be capitalized at closing in a Loan Interest Reserve. Properties with positive cash flow may be excepted from this requirement, subject to approval by the Fund.
- Fees:** The Fund's Upfront Credit Enhancement Fee of 50 basis points, calculated based on the total loan commitment amount, is payable to the Fund at closing. Each Underwriting Lender may require an Origination Fee, as determined independently by each Underwriting Lender, generally 2%.
- Project Loan Term:** The maximum Project Loan term is two years with extension options.
- Third Party Reports:** An as-is appraisal must be ordered by the Fund. A Phase I Environmental Site Assessment Report may be ordered by either the Borrower or the Underwriting Lender. Phase I ESA Reports must be completed by a pre-approved environmental consultant. Please contact an Underwriting Lender regarding appraisals and for copies of the Fund's list of approved environmental consultants and Phase I ESA Report requirements.
- Financial Statements:** **For-Profit Borrowers** must provide the most recent two years of the principals' accountant-reviewed or compiled financial statements. **Non-Profit Borrowers** must provide the most recent two years of the parent organization's accountant-reviewed financial statements.
- Takeout Financing:** Project Loans require a soft commitment letter to provide construction or permanent financing from either (a) the Los Angeles Housing Department, (b) the Community Redevelopment Agency of the City of Los Angeles, (c) the City of Industry Fund Program, or (d) some other Governmental Agency or private source approved by the Fund.

\*The Fund can provide exceptions to some of the underwriting criteria described herein, subject to approval by the Fund. Please discuss the Fund's exceptions policies with an Underwriting Lender.