



RESIDENTIAL DEVELOPMENT FINANCING ASSISTANCE PROGRAMS

There are many sources of financing to assist residential development projects in the City of Cleveland. These forms of financing are typically available to supplement projects that have secured or are in the process of securing primary development financing. A brief summary of loan products from the City of Cleveland, Cuyahoga County, State of Ohio, Village Capital Corporation, Shorebank, Fannie Mae, and Cleveland Development Advisors are provided below.

Additional information may be obtained by contacting these organizations directly or by contacting the Housing Development Office for the City of Cleveland's Department of Community Development at 216/664-2869.

HOUSING TRUST FUND (HTF)

City of Cleveland

STANDARD HTF TERMS & CONDITIONS

Both CDBG LOANS and HOME LOANS are available through the annual Housing Trust Fund RFP.

The Housing Trust Fund program is the annual process for allocating subsidy funds for the development of housing projects that will meet critical housing needs or make significant contributions to neighborhood revitalization. Through a competitive selection process the City provides low cost financing for up to 25% of project cost or \$500,000, whichever is less.

Eligible projects:

- New construction or substantial rehabilitation projects with construction costs of at least \$25,000/ unit.
- Proposals must be for at least 5 units; scattered site projects are eligible
- Units may be for sale or rental; including infill, transitional and supportive housing

Application Process: The availability of the Housing Trust Fund is publicly advertised at the beginning of each year. Applications are due in late winter. Final decisions on awards are announced after City Council action in the spring of the same year.

Regulatory: All Housing Trust Fund resources are Federal funds and require compliance with Federal and City of Cleveland program regulations.
Compliance

Fees: A nonrefundable application fee of one half of one percent (.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Applies to CDBG and HOME Loans and Grants. Fees due at closing.

A nonrefundable loan processing fee of one and one-half percent (1.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Only applies to CDBG Loans and Grants. Fees due at closing.

HTF CONSTRUCTION LOANS

Through a competitive selection process the City provides low cost financing for up to 25% of project cost or a maximum of \$500,000. Funds may be used for acquisition, development hard costs and soft costs.

Required Security: A variety of collateral on a case-by-case basis determined on the comfort level that the project and developer can make debt service payments and ultimately repay the loan. Such collateral may be a combination of:

- Mortgaged position on real property
- Debt Service Reserve Account
- Letter of Credit
- Personal and Corporate Guarantees
- Project Cash Flow
- Liens on personal property

Loan Term:	Flexible. To be determined on a case-by-case basis.
Interest Rate:	Flexible. To be determined on a case-by-case basis.
Regulatory: Compliance	Housing Trust Funds are Federal funds and require compliance with all Federal and City of Cleveland program regulations.
Fees:	<p>A nonrefundable application fee of one half of one percent (.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Applies to CDBG and HOME Loans and Grants. Fees due at closing.</p> <p>A nonrefundable loan processing fee of one and one-half percent (1.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Applies to CDBG Loans and Grants. Fees due at closing.</p>

SECOND MORTGAGE HOMEBUYER ASSISTANCE LOANS

Non-profit Community Development Corporations (CDC)/Developers and Homebuyers can apply for Second Mortgage awards through the Housing Trust Fund process whereby CDBG funds would apply for market rate for-sale housing units (whose base price is \$250,000 and less) and HOME funds would apply for affordable for-sale housing units. HTF homebuyer assistance can be awarded directly to a group of units by award to an individual project or on a case-by-case basis via the Citywide pool. If the housing product is new construction and/or single-family housing a non-profit Community Development Corporation must be a part of the City contract.

There are three types of Second Mortgage Homebuyer Loan Programs.

- a. **The Builder Incentive Program:** This program is a front end construction loan that converts to a 2nd mortgage buyer incentive product. The City will enter into a recourse loan with the project developer for eligible acquisition and/or development costs. Upon the completion of a unit, if developer reduces the amount of the sales price of the unit up to \$10,000 (for CDBG funds) or up to \$20,000 (for HOME funds) and the buyer of the unit accepts the second mortgage write down of the unit price, then the CDC/Developer would assign the buyers 2nd mortgage obligation to the City and the City would release the CDC/Developer of its obligation to repay its HTF loan by that amount. Note: the Second Mortgage program for CDBG Funds applies to market rate units with base prices of \$250,000 or less.
 - Pros: → The CDC/developer receives a below market rate loan for acquisition and/or construction costs to offset development costs.
 - The CDC/developer can use the program as a financial incentive to attract potential buyers.
 - The CDC/developer receives its City funds on the front end of the project, eliminating the need to fund a City second mortgage during the time-sensitive unit sale closing process.
 - Cons: → The City's loan is recourse. In the event that a second mortgage assumption is not utilized for a unit sale, the CDC/developer is required to repay the City for non-assumed second mortgage amounts.
 - City fees apply (See HTF Standard Terms and Conditions on Page 1).
- b. **Project-Based Buyer Incentive Program:** This program is a homebuyer incentive loan awarded to a development project that had applied for the annual Housing Trust Fund. The second mortgage assistance may apply to some or all of the units in the proposed development. Up to \$10,000 second mortgages are available for market rate units and up to \$20,000 second mortgages are available for affordable units. The CDC/developer must enter into contract with the City. The CDC must assist the homebuyer and title agent associated with the closing complete the City's second mortgage documents.
 - Pros: → With second mortgage assistance for their development project the CDC/Developer's residential product is more affordable and competitive against other housing product in the region.
 - The program reduces first mortgage payments for a homebuyer making the unit more affordable.
 - Cons: → City funds are disbursed post construction at closing which is a time-sensitive process.
 - The CDC/Developer must identify the addresses of the applicable properties at time of contract.
 - Federal and local regulatory compliance applies to the development project.

- c. **The Second Mortgage Pool Program:** This program is a homebuyer incentive loan awarded directly to the CDC from the HTF allocation on a case-by-case basis throughout the year. The CDC must enter into contract with the City. Up to \$10,000 second mortgages are available for market rate units and up to \$20,000 second mortgages are available for affordable units. The CDC assists the homebuyer and title agent associated with the closing complete the City's second mortgage documents.

Pros: → Awarded throughout the year as funds are available.

→ The program reduces first mortgage payments for a homebuyer making the unit more affordable.

Cons: → The address of the unit must be identified prior to home construction.

→ Federal and local regulatory compliance applies to the house construction.

TERMS AND CONDITIONS APPLICABLE TO ALL SECOND MORTGAGES

Security: The home buyer borrower shall execute a promissory note and an open-end mortgage and security agreement to the City of Cleveland to secure the repayment of the loan. The mortgage may be subordinated only to the first mortgage of the financial institution making the initial loan to the borrower.

Loan Terms:

1. The loan is deferred, and after thirty (30) years will be forgiven, subject to compliance with program guidelines.
2. The borrower must reside in the property for the term of the loan.
3. The loan becomes due and payable, during the thirty year term, upon sale, lease, title transfer, refinance, or any other disposition of the property, or default of the conditions of the note or mortgage.

Penalties: If the property is disposed, sold, leased, transferred, or refinanced during the first five (5) years (Five Year Period) of the Term of the Loan, the amount due will be the principal amount of the debt plus a penalty according to the following schedule:

- a) In the 1st year of the 5-Year Period, an amount equal to the interest which would have accrued on the second mortgage loan if it had been made at the same interest rate as the first mortgage loan;
- b) In the 2nd year of the 5-Year Period, 80% of such equivalent accrued interest on the second mortgage loan if it had been made at the same interest rate as the first mortgage loan.
- c) In the 3rd year of the 5-Year Period, 60% of such equivalent accrued interest on the second mortgage loan if it had been made at the same interest rate as the first mortgage loan.
- d) In the 4th year of the 5-Year Period, 40% of such equivalent accrued interest on the second mortgage loan if it had been made at the same interest rate as the first mortgage loan.
- e) In the 5th year of the 5-Year Period, 20% of such equivalent accrued interest on the second mortgage loan if it had been made at the same interest rate as the first mortgage loan.
- f) After 5 years, the interest rate is 0%.

Subordination: The City may consider a subordination of the first mortgage subject to a 90% loan to value and other criteria covered in the Subordination Policy:

- To restructure debt for home improvements which may include either a new mortgage for the home improvements, or a refinancing on the balance of the original first mortgage with additional funds for the home improvements;
- To obtain an improved interest rate on the first mortgage;
- To obtain a shorter term on the first mortgage.

The City **WILL NOT** subordinate

- For equity lines of credit;
- For consolidation of personal debts;
- For "cash out" to the homeowner for uses other than home repair;
- When the City is in 1st mortgage position;
- For excessive financing;
- For a loan that the City determines to be predatory.

In addition to the points highlighted below, please refer to the City's Subordination Policy which is located on the web at <http://cd.city.cleveland.oh.us/forms/downloads/accounting> or contact the City of Cleveland's Accounting Section at (216) 664-2042.

SECTION 108 LOANS**City of Cleveland**

Section 108 is the loan guarantee provision of the CDBG Program. HUD actually is the lender of the Section 108 funds and the City is the borrower, which then re-lends the funds to the third party applicant. In effect the City of Cleveland is guaranteeing the third party loan by pledging its CDBG funds as collateral. **Section 108 Loans undergo strict underwriting reviews by the City and by HUD. Often these loans take one-year to close.**

Required Security:	The City of Cleveland pledges its future allocations of CDBG funding from HUD as collateral. The City in turn will request a variety of collateral on a case-by-case basis determined on the comfort level that the project and developer can make debt service payments and ultimately repay the loan. Such collateral may be a combination of: <ul style="list-style-type: none"> ➤ Project Cash Flow ➤ Debt Service Reserve Account ➤ Letter of Credit ➤ Personal and Corporate Guarantees ➤ Mortgaged position on real property ➤ Liens on personal property
Loan Term:	Section 108 Loans are considered permanent financing. The principal repayment can be structured to meet the needs of the project. The maximum repayment term is 20 years.
Interest Rate:	Interest rates on interim borrowing (approximately 1 year) are priced at the three-month LIBOR rate plus 20 to 150 basis points. HUD packages several Section 108 Loans and sells them at auction each year (known as a public offering). The permanent financing rate is pegged to yields on US Treasury obligations of similar terms and similar principal amounts.
Availability:	Developers may apply for CDBG Float Loans at any time during the year. Approval is based on the quality of the proposed development, conformance with CDBG eligibility requirements and the developer's ability to obtain a 100% letter of credit or similar collateral.
Regulatory Compliance:	CDBG Float Loans are Federal funds and require compliance with all Federal and City of Cleveland program regulations.
Fees:	A nonrefundable application fee of one half of one percent (.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing. A nonrefundable loan processing fee of one and one-half percent (1.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing.

NEIGHBORHOOD DEVELOPMENT ACTIVITY FUNDS (NDA)**City of Cleveland**

Each year, a portion of Cleveland's Community Development Block Grant funds are set aside for activities in each ward that will address identified neighborhood needs in each ward. All uses of these funds, including housing development, must meet CDBG eligibility requirements (see CDBG Float Loan above). Decisions are the uses of these funds are made in conjunction with the Ward Councilperson.

Regulatory Compliance:	NDA resources are Federal funds and require compliance with all Federal and City of Cleveland program regulations.
Fees:	A nonrefundable application fee of one half of one percent (.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing. A nonrefundable loan processing fee of one and one-half percent (1.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing.

CORE CITY FUND – HOUSING LOANS**City of Cleveland**

The Core City Fund is a newly created development financing source utilizing City revenue bond proceeds. As of January 2006, approximately \$3 million is available for the development of catalytic and strategic housing projects in the City's Downtown and neighborhoods.

Eligible Borrowers:	Developers may be for-profit or non-profit, with demonstrated capacity and experience.
Eligible Projects:	New construction, adaptive reuse or substantial rehabilitation residential projects with construction costs of at least \$50,000 per unit. Proposals must be for at least 15 units, with preference given to projects of 50 units or more.
Equity Requirement:	Borrowers must contribute at least 10% equity toward total project cost
Loan Size:	\$300,000 to \$2,500,000, up to 25% of total project cost
Interest Rate:	Subject to negotiation on a deal-by-deal basis
Loan Term:	Maximum loan term of 20 years unless justification exists for exception
Underwriting:	<ul style="list-style-type: none"> • Minimum debt service coverage of 1.05x • Loan to value ratio of no more than 95%, 90% preferred
Regulatory Compliance:	The Core City Fund resources are not Federal funds. Compliance with all City of Cleveland program regulations is required. State prevailing wage is applicable.
Fees:	<p>A nonrefundable application fee of one half of one percent (.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing.</p> <p>A nonrefundable loan processing fee of one and one-half percent (1.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing.</p>

CDBG FLOAT LOAN**City of Cleveland**

The Community Development Block Grant (CDBG) regulations allow the City to make short-term construction loans for eligible projects utilizing funds that are committed to but not yet spent for other activities. Float loans can only be used for projects that meet all CDBG eligibility requirements. Such as:

- The project must either benefit lower income persons or eliminate blighted conditions
- New construction of housing can only be undertaken if a neighborhood-based, non-profit organization is the developer or partner in the development entity

Required Security:	Every CDBG Float Loan must be secured by an irrevocable and unconditional letter of credit from a lender acceptable to the City for 100% of the amount of the loan.
Loan Term:	Float loans may be for a maximum of 30 months.
Interest Rate:	Interest rates are negotiable, but generally do not exceed 2% per annum. Interest accrues on the outstanding principal balance and is payable with the principal and the end of the loan term.
Availability:	Developers may apply for CDBG Float Loans at any time during the year. Approval is based on the quality of the proposed development, conformance with CDBG eligibility requirements and the developer's ability to obtain the mandatory 100% letter of credit
Regulatory Compliance:	CDBG Float Loans are Federal funds and require compliance with all Federal and City of Cleveland program regulations.
Fees:	<p>A nonrefundable application fee of one half of one percent (.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing.</p> <p>A nonrefundable loan processing fee of one and one-half percent (1.5%) of the loan amount, not to exceed \$2,500 for non-profit borrowers and \$5,000 for for-profit borrowers shall be charged to all direct loan recipients. Fees due at closing.</p>

STOREFRONT RENOVATION NEIGHBORHOOD PROGRAM (SRP)**City of Cleveland**

The City of Cleveland's Storefront Renovation Program (SRP) is an exterior rehabilitation program that combines financial incentives (rebate or loan) with free City design assistance. The City partners with neighborhood Community Development Corporations (CDCs) to implement the program in the neighborhoods.

NOTE: All SRP projects must comply with federal reporting requirements and the City's Building Code.

What the SRP Isn't: The SRP is not a maintenance program. The SRP is not a city-wide program. Financial incentives are limited to specific eligible building types. Rebate incentives are further limited to City-approved mainstreets known as SRP **target areas**. Low-interest loans are available in either the target area or the larger CDC neighborhood **service areas**. Only one financial incentive can be selected in the target area.

Eligible Buildings: Traditional commercial buildings originally built with display-windowed storefronts, not located in the central business district, are eligible for funding.

Ineligible Buildings: Buildings built originally as: schools, apartments, industrial, manufacturing, warehouse, strip shopping plazas, arcades, and malls regardless of their current or future use. Also excluded are churches or any commercial building used for sacred purposes.

SRP BUILDING REBATE

What part of my Building: SRP-rebate improvements are limited to the main elevation(s) most commonly seen by the general public.

Eligible Rehab Costs: Storefront display windows, upper-floor windows, doors, painting or cleaning treatments, above-ground masonry repairs, lighting, exterior security systems, awnings, signage and landscaping, decorative fencing, and irrigation systems and architectural fees up to \$3,500.

Ineligible Rehab Costs: The rear and often the sides of most commercial buildings, HVAC systems, as well as paving and drainage costs in adjacent parking lots. In addition, elements that are not seen, such as flat roofs or foundations below grade, are not covered by the rebate but are eligible with the SRP loan.

Rebate Incentives/ Construction Timeframe: The quicker construction is finished & SRP request is submitted, the better the rebate. Rebates are available at the following schedule:

- **For a full 40% rebate Up to \$25,000** = Construction must be fully complete & the rebate request submitted to the City within one (1) year of the date of your SRP Agreement.
- **For a 25% rebate Up to \$15,625** = Construction must be fully complete & rebate request submitted to the City within two (2) years of the date of the SRP Agreement.
- **No rebate for you** = If either construction or the rebate request takes longer than two (2) years.

SRP LOAN

What part of my Building?: The SRP loan must address the publicly-seen sides of the building. But unlike the SRP rebate once the most visible main elevations of the building are addressed; the rear, hidden side elevations, flat roofs and foundations, and architectural fees (up to \$3,500) can be included in a SRP loan.

SRP Loan Rates and Terms: The SRP loan is available to credit-worthy property owners through participating private banks and lenders. The application process is the same as it is for any commercial loan. However, the SRP loan rate is significantly below the open market.

- **Loans up to \$50,000:** **4.25%** fixed rate for a 10-year repayment term/15-year amortization. At the end of 10 years the outstanding balance will be rolled into a new loan and interest rate (currently @ 8%).
- **Loans \$50,000-\$100,000:** **4.5%** fixed rate with a 10 year repayment term/15 year amortization. At the end of 10 years the outstanding balance will be rolled into a new loan and interest rate (currently @ 8%).

SRP SIGN-ONLY REBATE OR LOAN

The City offers a sign-only rebate or loan if your neighborhood building has been renovated through the SRP within the last five years (restrictions apply). Please see the following page.

SRP – DOWNTOWN SIGNAGE REBATE PROGRAM**City of Cleveland**

Combining the talents of the City's Design Specialists with the leverage of the signage rebate incentive, this program creates exciting signage opportunities in targeted downtown retail areas.

NOTE: All SRP projects must comply with federal reporting requirements and the City's Building Code.

Eligible Downtown Locations: The SRP's focus is primarily in the downtown central business district.

Boundaries:**North:** Front Street and St. Clair Avenue**South:** Carnegie Avenue**East:** East 30th Street**West:** Center Street, Along the River to West 3rd Street

Eligible Buildings:

- Buildings built originally with storefront display windows units where the majority of the first-floor uses remain retail.
- Buildings where the exterior surfaces require no substantial renovation work or have no outstanding code violations.
- Buildings where the first floor signage will be rehabilitated in a comprehensive manner through the participation of one applicant – the property owner. For example, if 4 retail tenants currently exist and all 4 signs are substandard either per the City's Building Code or the SRP's design standards, then the property owner must obtain the agreement to participate from all of the tenants and then apply on their behalf under one City application. Likewise, if only 1 sign was substandard, then the business tenant or property owner could be the applicant.

Ineligible Buildings: Buildings originally built as: schools, apartments, industrial, manufacturing, strip shopping plaza, arcades and malls regardless of their current or future use. Also excluded are churches or any commercial building used for sacred purposes.

Federal Compliance Requirements: All SRP projects are required to comply with federal regulations that apply to the use of CDBG funds, as well as local and state laws, including compliance with the City's building code. All funding for the rebate or loan incentive is competitive, and funds are awarded on a first-come, first-served basis by the City of Cleveland.

SRP DOWNTOWN SIGNAGE REBATE

The City offers a sign-only rebate of 40% up to \$3,000 on a per business use basis to those applicants that fully complete their signage construction/installation within one year of executing a SRP Rebate Agreement with the City of Cleveland, with full adherence to all SRP regulations, requirements and project documentation submissions.

SRP DOWNTOWN SIGNAGE-ONLY BUSINESS TENANT LOAN:

In partnership with the City of Cleveland and Cleveland Action to Support Housing (CASH), Dollar Bank is offering business tenants a 4.25% fixed interest rate loan up to \$15,000 per business use for the design and installation costs associated with new signage created through the SRP. The loans do not require commercial real estate as collateral and carry terms of 3-5 years based on the credit of the borrower. No prepayment penalty applies, however both CASH and Dollar Bank charge administrative fees. These deals require a CDBG compensating balance deposit by CASH and therefore require all federal regulations apply including prevailing wages to projects where the cost of installation exceeds \$2,000.

FOR MORE INFORMATION CONTACT:

- City of Cleveland – Dept. of Community Development at 216 664-2869;
- Historic Gateway Neighborhood at 216/771-8088 or Historic Warehouse District Development Corp. at 216/344-3937 for buildings located in these neighborhoods; or,
- Downtown Cleveland Partnership for all other areas located within the program's boundaries found on the attached map at 216/736-7799.

BROWNFIELD AND SITE REMEDIATION FUNDING SOURCES

COUNTY FUNDS

Cuyahoga County Brownfield Program

County brownfield funds come from a variety of sources. These funds may be used for Phase I and Phase II environmental assessments and remediation. Some funds are provided as loans, and some as forgivable loans (grants). Both governmental entities and private parties are eligible applicants.

Contact: Jim Herron, Brownfield Program Manager
Cuyahoga County Department of Development
216/443-8064

STATE FUNDS

Clean Ohio Revitalization Fund (CORF)

The Ohio Department of Development offers the Clean Ohio Revitalization Fund for remediation and demolition. Applications are accepted once per funding year and compete against each other based on the Public Works District in which the project is located. The maximum grant award is \$3 million. Eligible applicants include municipalities, townships, and counties.

Contact: City of Cleveland Housing Development Office Project Manager
216/664-2869

Clean Ohio Assistance Fund (COAF)

The Ohio Department of Development offers the Clean Ohio Assistance Fund for Phase I and Phase II environmental assessments, remediation, and demolition in Eligible Areas, including the City of Cleveland. Applications are accepted on a rolling basis so long as funds are available. The maximum application request for a Phase I Environmental Assessment grant is \$8,000; and for a Phase I and Asbestos Survey is \$15,000. The maximum application request for a Phase II Environmental Assessment grant is \$300,000. The maximum application request for a Cleanup grant is \$750,000. Eligible applicants include municipalities, townships, and counties.

Contact: City of Cleveland Housing Development Office Project Manager
216/664-2869

Brownfield Cleanup Revolving Loan Fund

The Ohio Department of Development operates a Brownfield Cleanup Revolving Loan Fund (BCRLF), capitalized by a grant from the United States Environmental Protection Agency (USEPA), offers below-market rate loans to assist with remediation. The regulatory program governing a cleanup/remediation under the BCRLF investment will be the Voluntary Action Program Memorandum of Agreement administered by the Ohio Environmental Protection Agency.

Contact: John Magill, Director, Office of Urban Development
Ohio Department of Development
614/466-4484

FEDERAL FUNDS

US EPA Assessment Funds

This fund is available for Phase I and Phase II environmental assessments. Eligible applicants include municipalities, townships, and counties. Awards are made on an annual basis and are competitive. Applications are due in December of each year.

Contact: City of Cleveland Housing Development Office Project Manager, 216/664-2869

US EPA Cleanup Funds

This fund is available for property owners to remediate sites. Eligible applicants include municipalities, townships, counties, and nonprofits. Maximum award is \$200,000 per site for up to 5 sites per applicant. Awards are made on an annual basis and are competitive. Applications are due in December of each year.

Contact: City of Cleveland Housing Development Office Project Manager, 216/664-2869

RESIDENTIAL DEVELOPMENT FUNDING SOURCES

Cuyahoga County Residential Economic Development Program Contact: Sara Parks Jackson 216/443-8160

- Eligible Projects: Single or multi-unit housing projects; New construction or substantial rehab; scattered site or infill development.
- Eligible Costs: Acquisition, Environmental Remediation, Construction hard costs, Infrastructure costs on new construction.
- Min. Requirements: Support from the mayor of the community where the project is located.
Zoning and housing review board approvals in place; Evidence of Site Control;
95% Loan to Value; 25% or less ROI (higher returns will require a greater D/S Coverage Ratio)
- Interest Rate: Variable rate based on 3-month LIBOR + 2.5%, reset quarterly for 36 months.
- Fees: \$1,000 non-refundable application fee; 1% origination fee; All legal costs.

Cuyahoga County Housing Revenue Bond Program Contact: Sara Parks Jackson 216/443-8160

Cuyahoga County Housing Revenue Bonds, if properly structured avoid the costs and time applicable to registration. 501(C)(3) Bonds are a special category of tax-exempt bond financing that can be done by nonprofit organizations to support economic development and affordable housing projects. The advantage of using a tax-exempt housing revenue bond is its lower rate of interest.

- Eligible Projects: Multi-family Housing projects by nonprofit and for-profit developers to purchase, construct, or rehabilitate multi-family housing projects.
- Eligible Costs: Bond proceeds can be used for purchase, construction or rehabilitation of a multi-family housing project (including land and buildings), and to fund most related fees including: construction financing, legal, audit, FHA mortgage processing, bond underwriting and issuance costs, replacement reserves and settlement costs. *NOTE: Federal tax law may impose restrictions on the payment of certain of these costs from the proceeds of a tax-exempt issue. Developers should consult their legal advisors for specific advice on which costs can be paid with tax-exempt bond proceeds.*
- Collateral: Cuyahoga County generally will favor issuing tax-exempt housing revenue bonds which are "fully insured" or provide a "full guarantee" of payment of the principal of and interest on the bonds by a suitable third party entity. Acceptable forms of insurance or guarantee include FHA, FNMA, GNMA, surety bond, municipal bond insurance, and credit enhancement instruments provided by financial institutions. *NOTE: This requirement is less a consideration for bond issues that will be placed in full with institutional investors.*
- Repayment: Revenue bonds are issued in the name of the County but are not obligations of the County and are not backed or secured by its taxing power or any other public revenue sources. The developer of the project is solely responsible for repayment, subject to any insurance or guarantee by a third party.
- Interest Rate: Historically, the spread between interest rates on housing revenue bond issues (which are tax-exempt) and conventional financing has ranged from 1% to 3% for the same quality housing development. *(For instance, an interest savings of 1% on an issue of \$10 million over a 30 year period would result in approximately a \$3 million reduction in interest expense.)*
- Min. Requirements: Federal tax law imposes the following occupancy requirements on all multi-family projects supported by tax-exempt revenue bond financing: (a) No fewer than 20% of the units must be occupied by households earning less than 50% of the area median income, **or** (b) No fewer than 40% of the units must be occupied by households earning less than 60% of the area median income.

Unless a specific legal exemption applies, state law requires that prevailing wage rates must be paid to laborers and mechanics employed on the construction of the project.

As a matter of policy, Cuyahoga County requires:

- prevailing wages on all projects funded with Bonds issued by the County;
- a plan for affirmative marketing to minority persons for any projects or activities funded with housing revenue bonds, Note: Cuyahoga County will take into account comprehensive plans to develop and maintain affordable housing in the county, as well as fair housing statements analyzing the impact of proposed developments on housing patterns.

Application
Process:

WHEN TO APPLY FOR TAX-EXEMPT BOND INDUCEMENT AND ISSUANCE

All proposed bond issues presented to Cuyahoga County for consideration shall be received reviewed and advised upon by the Department of Development. Generally, there are two steps to the bond issuance. The first step is adoption of a resolution of inducement by the Board of County Commissioners (BOCC). An inducement is an assurance that, if all conditions are met, the BOCC will authorize the issuance of the bonds. The State of Ohio generally requires an inducement resolution in order to commit an allocation of its limited "volume cap" for the bonds. The resolution also allows a borrower to reimburse certain qualified expenses from bond proceeds, if they are paid within sixty days of the inducement.

The second step is approval of the issuance of the bonds with the execution of the loan and associated agreements. All conditions stated in the inducement resolution or otherwise required by this policy must be met before the BOCC will authorize issuance. Federal tax law currently allows 18 months from the later of date of inducement or date the project is placed in service to issue the bonds. The State of Ohio currently imposes a 90-day deadline from commitment of its "volume cap" to issuance of the bonds; a new commitment can be requested after a 30-day wait.

**Cuyahoga County Treasurers Office
HOUSING ENHANCEMENT LOAN PROGRAM (H.E.L.P.)**

Contact: Bruce Nimrick
216/443-2149

Eligible Projects: ■ Single Family, 2-Family and Multifamily dwellings in eligible Cuyahoga County communities, however, the 1- and 2-family dwellings must have a market value under \$250,000. There is no value limit on dwellings with 3 or more units.

- Owner-occupied and Investment properties are eligible.
- Income limitations do not apply.
- Tax-exempt properties are not eligible.
- Borrowers must be current on all property tax payment.

Eligible Costs: All H.E.L.P. loan proceeds must be used for physical improvements to existing properties such as: alterations, repair or improvements that protects or improves its basic livability and enhances its property value. Code compliance work is permitted.

→ Improvements to condominiums may be permitted under certain limited circumstances.

Ineligible Uses: ■ New home construction and refinancing of existing loans are not permitted.

- Luxury items such as: pools, hot tubs, satellite dishes and stables are not permitted.
- Appliances are not permitted.

Minimum Loan: \$3,000

Maximum Loan: \$200,000 for single family and 2-family dwellings.
The lesser of \$200,000 or \$20,000/unit for multifamily dwellings.

Maximum Term: 5 years for loans under \$12,500
10 years for loans over \$12,500.

Underwriting & Collateral: Participating lending institutions are solely responsible for lending criteria and assume any loan default risk. All credit approval decisions use the lending institution's underwriting rules.

Loan Subsidy (Interest Rate): The interest rate on each eligible loan will be set by the lending institution at no less than 3 percentage points below the rate that would otherwise apply to the borrower (including "promotions" or "specials" offered by the lender). In return the County Treasurer will purchase a Certificate of Deposit with the lender at 3 percentage points below the market rate, based on the bond equivalent yield of the two year treasury.

Fees and Charges: Unsecured consumer loans - \$75 maximum fee
Secured consumer loans - \$175 maximum fee, including all closing costs
Fees for commercial loans (5 or more units) may be set by the lending institution.

Application Process: Applicants apply at any branch of the participating lending institutions. The lending institution will process the loan application and forward the applicable forms to the County Treasurer for eligibility screening. Upon dispersal of the loan, the lender notifies the County Treasurer of final approval and the loan terms.

Cleveland-Cuyahoga County Port Authority

Contact: Linda Highsmith-Poole 216/241-8004
John Loftus 216/241-8004

Created in 1993, the Development Finance Authority fosters public-private partnerships to assist in the creation of jobs and community revitalization. The Development Finance Authority offers a portfolio of financing options tailored to fit individual needs. Since its inception, the Development Finance Authority for the Port has assisted area businesses in obtaining \$850 million in financing for community projects totaling more than \$1.4 billion.

Fixed-Rate Financing Program - This loan program makes it possible for smaller businesses to access the U.S. capital market and borrow money at investment grade rates. The program also benefits many larger businesses that find an investment grade rating costly and difficult to maintain.

Additional highlights:

- Financing between \$1.5 million to \$6 million
- Transaction capacity may exceed \$20 million when combined with other financing sources
- Financing for fixed assets, such as land, buildings and equipment
- Fixed interest rates for up to 25 years

Off-Balance Sheet Financing & Leasing Program - Ideally suited for companies and nonprofit organizations that want to obtain a new facility but do not want the asset to appear on their balance sheet. This financing vehicle allows the Port Authority to own the facility and lease it to the company.

Additional highlights:

- 100% financing
- Lower costs for materials used in the construction of a building
- Choose from three types of leases: financing, operating or synthetic

Infrastructure Financing Program - This loan program makes it possible for developers, cities and other regional organizations to finance public infrastructure projects, such as streets, roads, underground utilities, sidewalks, street lights, landscaping and public parking garages. This type of financing is particularly attractive for mixed-use developments and can be financed using tax increment or special assessment as the revenue stream to pay for the public improvements. Additional highlights include:

- Elimination of equity
- Lower costs on project materials
- 100% financing
- Long-term financing

The Office of Energy Efficiency (OEE) works with individuals, communities, non-profit organizations, businesses large and small, industry, and other government agencies to achieve its goal of a robust economy supported by multiple energy sources, energy efficiency, and advanced technology with added value for the quality of life for all Ohioans.

Ohio Green Communities Energy Grants -The Ohio Department of Development Office of Energy Efficiency is making available up to \$200,00 for grants to successful applicants under the Green Communities solicitation that install renewable energy

Energy Loan Fund Grant Program - All funds for the 2005 NOFA for residential solar thermal, solar PV, and wind electric projects have been committed. There are still funds available for industrial, commercial, or institutional energy efficiency projects based on EnVinta or Achiever Diagnostics.

Ohio EPP Process Evaluation Final Report, July, 2005, APPRISE, Inc. - Results of qualitative research to develop Ohio-specific messages for clean energy education.
<http://www.odod.state.oh.us/cdd/oeef/>

Ohio Electric Partnership Program Impact Evaluation Final Report - Shows participants and utility ratepayers experiencing savings through reduced electric usage. <http://www.odod.state.oh.us/cdd/oeef/>

The Ohio Housing Finance Agency offers affordable housing opportunities for Ohioans from rental assistance to homeownership. OHFA provides access to financial resources for the development and management of affordable, safe and sanitary housing. The Agency's programs serve first-time homebuyers, renters, senior citizens and other populations with special needs who otherwise might not be able to afford quality housing. The Agency's affordable housing programs are supported primarily by revenues raised through the issuance, private sale and repayment of tax-exempt mortgage revenue bonds as well as contract fees received from HUD for the administration of housing assistance payments. The issuance of "AAA" rated bonds enables OHFA to provide mortgage loans to qualified homebuyers at interest rates below those in the conventional market. Capital raised from the issuance of the bonds supports the public purpose of financing new and existing affordable homeownership opportunities for individuals and families with low and moderate incomes.

Rental Housing Development Programs

Housing Credit Program - Provides private housing development community tax incentives to develop affordable housing by offsetting building acquisition, new construction or substantial rehabilitation costs.

Housing Development Loan Program - Provides bridge financing and construction loan financing interest savings for the development of affordable housing for low- and moderate- income individuals and families.

Housing Development Assistance Program (HDAP) - Provides financing for eligible housing projects to expand the supply of decent, safe, affordable housing for very low-income persons and households.

Multifamily Bond Program - Assists with the financing of the acquisition, substantial rehabilitation and construction of affordable multi-family rental housing by providing lower-cost debt financing.

Loan Guarantee Program - Provides a guarantee from OHFA to a lending institution for the development of housing for low- to moderate-income households, in the event of default.

Contact: (614) 466-7970 Phone (888) 362-6432 Toll Free

Enterprise is the comprehensive resource for affordable housing and community development. Enterprise offers products and services that address all needs related to affordable housing and community development: from all forms of capital and funding, including tax-credit equity, long-term financing, senior debt, and grants, to programmatic models and expertise. We work with over 2,500 private and public partners — from the grass roots to the national level — to innovate solutions for communities and help enable low-income Americans to move up and out of poverty.

Over the past two decades Enterprise has privately raised and invested \$6 billion in equity, loans and grants to produce over 175,000 affordable homes and provide opportunity for low-income families nationwide.

Enterprise Community Loan Fund

Enterprise Community Loan Fund provides interim financing for the development of affordable homeownership and rental housing, as well as working capital and property development lines of credit for affordable housing developers. Our loans are below market-rate loans ranging from \$25,000 to \$6 million.

The Loan Fund's main products are:

- Unsecured Early Predevelopment Loans
- Secured Predevelopment Loans
- Property Acquisition Loans
- Construction Loans
- Lines of Credit

We also develop and manage specialized loan funds targeted at land assembly, smart growth and multifamily housing preservation in selected cities. As well as, financing affordable housing meeting the Green Communities™ criteria, created by Enterprise and leading experts in building design and construction, public health, smart growth and environmental protection.

Enterprise Community Investment Tax Credit Syndication

Enterprise Syndication is one of the leading providers of LIHTC equity in the country. In 2005, we closed on 130 tax credit properties representing nearly \$700 million in gross equity. The tax credit syndication group manages approximately \$6 billion in equity through over 90 investment funds. As a leading source of capital for housing development, Enterprise tax credit syndication:

- Invests in multi-family, rental projects that will yield appropriate risk-adjusted returns
- Enhances returns with 4% and 9% Low Income Housing Tax Credits from nearly all 50 states
- Focuses on projects that serve the housing and service needs of the lowest income populations (often at or below 30% of area median income).

Enterprise Community Structured Finance

As a major source of capital for commercial, residential, and mixed-use real estate developments, Enterprise

- Invests in market-rate projects that will yield appropriate risk-adjusted returns;
- Enhances returns with New Markets Tax Credits (NMTC) and/or Historic Rehabilitation Tax Credits, when available; and
- Focuses on projects that fulfill CRA and other community investment objectives.

Market-Rate Housing Investment

Through the ESIC Community Development Fund I, Enterprise makes high-impact mezzanine debt investments in market-rate housing developments. Enterprise helps its development partners:

- Substantially improve and sustain neighborhoods; and
- Contribute to community revitalization efforts.

Projects can be multifamily for-sale or rental, and are often located in transitional neighborhoods experiencing strong housing demand.

Commercial Real Estate Investment

By leveraging innovative debt and equity products, we finance projects that create jobs, hope and opportunities for people to improve their lives and their neighborhoods. We enhance conventional investment tools with New Markets Tax Credits and other incentives whenever possible. Since the NMTC program's inception, Enterprise has established itself as the second largest allocatee in the nation, with a combined allocation of \$310 million in the first three rounds of the program. NMTC-backed financing yields comprehensive benefits:

- Cities gain new tools for economic development.
- Developers enjoy subsidized rates on debt or receive additional tax credit equity.
- Investors fulfill CRA objectives and diversify their investment portfolio with commercial and mixed-use real estate.

Enterprise Community Multifamily Mortgage Finance

As a Special Fannie Mae Delegated Lender under the Fannie Mae Delegated Underwriting and Servicing (DUS) program, Enterprise offers mortgage loans for the new construction and substantial rehabilitation of affordable and market-rate multifamily housing. Fannie Mae purchases the DUS mortgages for cash (i.e. a cash window delivery) or Fannie Mae mortgage-backed securities (i.e. a swap for MBSs or an MBS/DUS transaction) once construction is completed, and lease-up and other requirements are satisfied. Enterprise also offers mortgage loans through Fannie Mae Bond Credit Enhancement. Enterprise's delegated lending status allows us to provide a streamlined underwriting process, flexible financing terms and the most competitive pricing on Fannie Mae financing solutions. With over 10 years in the business of financing affordable and market-rate housing, we have expertise in utilizing both tax-exempt bond credit enhancement, low-income housing tax credits and conventional lending products in layered financing deals.

All properties should be affordable in nature, though there are no income restrictions on market-rate properties. Tax credits or subordinate debt is preferred. Property must be newly constructed or substantially rehabilitated.

Immediate Funding Product

Occupancy

Requirements: Properties must be 90% occupied for the 3 months prior to loan commitment (85-90% occupied may be eligible with Enterprise approval) in proven location with stable employment and initial lease terms of at least 6 months.

Loan Amounts: \$1,000,000 to \$15,000,000. Larger amounts may be accommodated.

Terms and

Amortization: 5, 7, 10, 15 or 18-year balloon maturities. 20, 25 and 30-year fully amortizing maturities.

Debt Service

Coverage: Minimum of 1.25:1.
Minimum of 1.15:1 for recently completed LIHTC projects with taxable financing.
Minimum of 1.20:1 for LIHTC projects with tax-exempt credit enhancement and 501(c)(3) bonds-financed properties.

Loan to Value: Maximum of 90%.

Interest Rate: Rates change daily and are adjusted for loan term, amortization and servicing. Call for current rates.

Borrowers: For-profit, nonprofit and joint ventures.

Forward Commitment Product

Loan Amounts: \$1,000,000 to \$15,000,000. Larger amounts may be accommodated.

Commitment

Term: 18-24 months from date of rate lock.

Amortization: 25 or 30-year amortization and 18 to 30-year terms to be determined at underwriting.

Debt Service

Coverage: Minimum of 1.25:1 for market-rate transactions.
Minimum of 1.15:1 for 9% transactions.
Minimum of 1.20:1 for 4% and 501(c)(3).

Loan to Value: Maximum of 90%.

Local Initiatives Support Corporation (LISC)

Contact: Leo Serrano 216-432-9354

LISC helps resident-led, community-based development organizations transform distressed communities and neighborhoods into healthy ones – good places to live, do business, work and raise families. By providing capital, technical expertise, training and information, LISC supports the development of local leadership and the creation of affordable housing, commercial, industrial and community facilities, businesses and jobs. We help neighbors build communities. To this end, LISC provides support for community development organizations across Cleveland and Northeast Ohio by offering both financial and technical assistance.

Since 1980, LISC has marshaled more than \$6 billion from 3,100 investors, lenders, and donors. In more than 300 urban and rural communities nationwide, LISC has helped 2,800 CDCs build or rehabilitate 160,000 affordable homes and almost 25 million square feet of retail, community, and educational space – totaling almost \$14 billion in development.

PROJECT FINANCING

Loans

LISC offers financing during all stages of projects – predevelopment, property acquisition, construction, and permanent. We seek to strike the right balance between taking risks consistent with our role as a charitable lender, and recovering our capital so we can make funds available to future projects.

Following are some examples of our loan products:

Pre-Development Loans

To pay project predevelopment expenses for rental housing, for-sale housing, community facilities, and land banking.

- Up to three-year terms.
- Interest payable monthly or quarterly.
- Repayable in full at construction financing close.

Acquisition Loans

To pay purchase and closing costs for rental housing, for-sale housing, community facilities, and land banking.

- Up to three-year origination period.
- A proportionate amount of non-amortizing loan repayable at construction financing close for each unit.
- Security required, with strong preference for real estate collateral.
- Interest payable monthly or quarterly.

Construction Loans

To pay hard and soft construction costs for rental housing, for-sale housing, and community facilities.

- Up to two-year term and origination period.
- Non-amortizing loan repayable in full at permanent financing close.
- Fixed interest rate, set at closing, payable monthly or quarterly.
- Security required, with strong preference for real estate collateral.

Mini-Permanent Loans

To provide permanent financing for rental housing and community facilities.

- Up to seven-year term, amortized over maximum of 12-year schedule, repayable in full on balloon maturity date.
- Fixed interest rate, set at closing, payable monthly or quarterly.
- Security required, with strong preference for real estate collateral.

Revolving Working Capital Loans and Lines of Credit

To provide flexible working capital for a number of projects, to meet early project expenses or organization cash flow needs.

- Up to two-year term, 18-month origination period; revolving facility.
- Disbursements repayable at construction financing close.

- Fixed interest rate, set at closing. Standard closing conditions.

Equity

Through 3 affiliates, LISC provides equity investments for projects that support community revitalization across the country, including affordable housing, commercial & retail buildings, and arts & community space.

The National Equity Fund, Inc. (NEF, Inc.)

NEF is the nation's largest nonprofit syndicator of federal low-income housing tax credits. In collaboration with CDCs and community-focused investors, NEF, Inc. has provided more than \$5 billion in equity to help fund the development of more than 75,000 affordable homes nationwide. LISC created NEF to work with local organizations to finance neighborhood-led housing Initiatives and help support the revitalization of urban and rural communities. NEF, Inc. investors share our belief that local revitalization is not just good for residents, it is good for business as well. Over the last 17 years, NEF, Inc. has partnered with top banks, insurance companies and other corporations committed to affordable housing development. Our current funds include capital from 30 investors that is being directed to single- and multi-family projects, special needs developments, public housing revitalization and historic rehabs.

The New Markets Support Company (NMSC)

NMSC is a Delaware LLC started by LISC that allocates federal New Markets Tax Credit awards from the CDFI Fund to eligible community economic development projects, thereby attracting private capital in return for federal tax credits and providing these projects with financing on more favorable terms. NMSC will use tax credits to support a broad array of real estate projects including shopping centers, retail space, office space, arts and museum space, brownfield redevelopment, and educational and community facilities.

The Community Development Trust (CDT)

CDT is a private mission-driven Real Estate Investment Trust (REIT) that channels private capital into affordable housing and other community development projects. LISC provided the initial seed capital to the Community Development Trust (CDT) to further LISC's broad support for community development initiatives and finance. Working with local and national partners, CDT makes long-term equity investments in affordable communities and serves as a secondary market for low-income multifamily mortgages. After six years of operations, CDT has invested or committed more than \$460 million in debt and equity capital to properties in 35 states and regions—helping to preserve or add some 18,700 units to the nation's affordable housing stock.

Village Capital Corp

Contact: Linda Hudecek Warren 216/830-2770

Village Capital Corporation (VCC) is a wholly owned subsidiary of Neighborhood Progress Inc. established in 1991 to assist with real estate development projects sponsored by community development corporations (CDCs). It fills the gap between public dollars and private bank investment that can hold up projects. The purpose of VCC's financing is not to replace private investment, but to serve as a catalyst for private market development.

Capitalized with funds from The Cleveland Foundation, the Cleveland Development Partnership and The George Gund Foundation, VCC has invested \$29 million in CDC-sponsored real estate projects since its inception in 1991, leveraging almost 10 private and public dollars for every VCC dollar invested. In the last two-year cycle, VCC invested in 26 different projects resulting in 94,003 square feet of commercial space and 1,357 units of housing.

VCC Loan Products

Pre-development Loan

Eligibility: Non-Profit Borrowers
 Purpose: Feasibility analysis, project concept development, misc. early-stage pre-con activities.
 Max Amt: \$25,000
 Rate: 0%
 Max Term: 24 months
 Collateral: None
 Repayment: Balloon at maturity

Fee: \$250

Acquisition/Development Loan 1

Eligibility: Non-Profit Borrowers
Purpose: Early stage, project-specific activities (legal, architectural, environmental, etc.)
Max Amt: \$500,000
Rate: 5% (through FY 2006)
Max Term: 36 months
Collateral: Lien on property
Repayment: Interest only for term; balloon of principal at maturity.
Fee: 1% of loan

Acquisition/Development Loan 2

Eligibility: Non-Profit Community Development Corps receiving core operating support from NPI
Purpose: Feasibility analysis, project concept development, acquisition and early-stage activities.
Max Amt: \$250,000 for acquisition; \$15,000 for pre-development loan.
Rate: 6% for acquisition; 0% for pre-development loan
Max Term: 36 months
Collateral: Lien on property for acquisition loan; No collateral requirement on pre-development loan
Repayment: Interest only for term; balloon of principal at maturity.
Fee: 1% of total acquisition loan amount

Acquisition/Development Loan

Eligibility: For-Profit Borrowers*
Purpose: Early-stage, project-specific activities (legal, architectural, environmental, etc.)
Max Amt: \$500,000 (\$250,000 minimum)
Rate: Prime + 2.25% (fixed at closing unless otherwise noted)
Max Term: 36 months
Collateral: Lien on property + developer guarantee
Repayment: Interest only at ½ int. rate; balloon of prin. + NFV of deferred int. due at maturity
Fee: 1% of total

* Available only in the six (6) NPI Strategic Investment Initiative Areas; i.e., Buckeye, Detroit Shoreway, Fairfax, Glenville, Slavic Village and Tremont.

Construction Loan

Eligibility: For-Profit and Non-Profit Borrowers*
Purpose: 2nd position subordinate loan behind conventional first mortgage construction loan
Max Amt: \$750,000
Rate: Prime + 1% for For-Profit Borrowers; 5% for Non-Profit Borrowers
Max Term: 24 months
Collateral: Lien on property + developer guarantee
Repayment: Interest only during construction; balloon of principal at maturity
Fee: 1% of loan total

* For projects located in any Cleveland neighborhood outside the Central Business District.

Construction/Perm Loan

Eligibility: For-Profit and Non-Profit Borrowers*
Purpose: 2nd position subordinate loan behind conventional first mortgage loan
Max Amt: \$750,000
Rate: Prime + 1% for For-Profit Borrowers; 5% for Non-Profit Borrowers
Max Term: 120 months
Collateral: Lien on property + developer guarantee
Repayment: Interest only during construction; fully amortizing after Cert of Occupancy
Fee: 1% of loan total

* For projects located in any Cleveland neighborhood outside the Central Business District.

Bridge Loan

Eligibility: For-Profit and Non-Profit Borrowers*
 Purpose: Short-term project capital needs in anticipation of expected, identified funding
 Max Amt: \$500,000
 Rate: Prime + .75% for For-Profit Borrowers; 4% for Non-Profit Borrowers
 Max Term: 24 months
 Collateral: Lien on expected funding + developer guarantees
 Repayment: For-Profit = Fully amortizing
 Non-Profit = Interest only throughout term; Balloon of principal at maturity
 Fee: 1% of loan total

* For projects located in any Cleveland neighborhood outside the Central Business District.

Working Capital Line of Credit

Eligibility: Non-Profit Borrowers
 Purpose: Cash flow needs for organizational development uses
 Max Amt: \$200,000
 Rate: 6%
 Max Term: 36 months
 Collateral: Borrower's balance sheet
 Repayment: Interest only periods with principal paid in installments
 Fee: 1.5% of loan total

New Markets Tax Credit Loan

Eligibility: Any New Markets Tax Credit eligible Cleveland neighborhood
 Purpose: Commercial, retail, office and non-rental housing project
 Max Amt: \$1.5 million (\$300,000 minimum)
 Rate: Flexible; generally 1%-2% below prime
 Max Term: 84 months
 Collateral: Lien on property
 Repayment: Flexible; generally some sort of balloon repayment of principal
 Fee: 1.5% of loan total

ShoreBank -- Residential Loan Products

Contact: John Schoeniger 216/681-8908

Investor Products

Developer Line of Credit (DLOC)

A revolving line of credit for acquisition and rehab or new construction of 1-4 unit properties citywide.

Purpose: May be used to finance 90% of acquisition plus rehab cost (or new construction hard costs) up to 75% LTV "as-improved".
 Equity Req.: Borrower's 10% plus closing costs (including appraisal, title policy, transfer fees, etc.) required at acquisition.
 Amount: DLOC's typically range from \$250,000 to \$1,000,000 and are generally offered to experienced, full-time investors who can demonstrate capacity to effectively handle multiple projects simultaneously.
 Rate: Interest rate indexed to WSJP plus 2-3%, floating.
 Term: Term is 12 months, renewable annually and increasable anytime based on merit.
 Collateral: Secured by 1st mortgage on subject properties & personal guaranty.
 Repayment: Monthly interest only payments based on drawn funds, principal repayment upon sale or refinance of projects
 Progress disbursements are made on a percentage-of- completion basis.

Fee: Origination fee is 1% of total DLOC amount payable at closing.
\$75 fee per inspection.

“Buy-Fix-Sell” Loan

Similar to DLOC but is project specific and does not revolve. Buy-Fix-Sell loans are generally suitable for experienced but less active or part-time investors.

Purpose: Product may be used to fund 90% of acquisition plus rehab costs for 1-4 unit non-owner occupied properties citywide, up to 75% LTV “as-improved”.

Equity Req.: Borrower’s 10% plus closing costs (including appraisal, title policy, transfer fees, etc.) required at acquisition.

Amount: The size of the loan can vary depending on the requirements of each project, typically between \$50,000 and \$150,000.

Rate: Interest rate is fixed for 12 months, currently 9.75%.

Term: Term is 12 months. Projects must be sold or refinanced prior to loan maturity.

Collateral: Secured by 1st mortgage on subject properties & personal guaranty

Repayment: Monthly interest only payments based on drawn funds, principal repayment upon sale or refinance of projects.
Progress disbursements are made on a percentage-of- completion basis.

Fee: Origination fee is 2% of loan amount payable at closing.
There is currently a \$75 fee per inspection.

Investor Mortgage

May be used to acquire 1-4 unit non-owner occupied properties citywide up to 75% LTV.

Purpose: Product may be used for acquisitions or refinance of projects previously funded by either a DLOC or Buy-Fix-Sell loan if the borrower’s intent is hold the property as a rental investment.

Equity Req.: Negotiated.

Amount: Negotiated.

Rate: Currently at 8% interest, fixed for term

Term: 20 year fully amortizing,

Collateral: Loan is typically secured by a 1st mortgage on subject properties & personal guaranty

Repayment: Monthly payments of principal and interest.

Fee: Origination fee is 2% payable at closing
In this case, closing costs for refinance are generally minimal

Construction Loans and Construction to Permanent Loans

Project specific for new construction of 1-4 unit properties citywide

Purpose: For construction projects needing construction and/or permanent financing.

Equity Req.: Negotiated.

Amount: Negotiated.

Rate: Rates are indexed to WSJP plus 1-3% floating during construction phase. If converted to permanent mortgage, may be fixed rate or ARM.

Term: Term may vary depending upon the nature of the project and other factors.

Collateral: Secured by 1st mortgage & personal guaranty.

Repayment: Interest-only through completion. If converted to permanent loan: Monthly interest payments during construction phase, monthly principal & interest thereafter.

Fee: Origination fee is 1% of loan amount

Multifamily Loans (5 units & up)

Intended for experienced multifamily owner/developers. Similar to Construction/Construction to Permanent Loan above. Project pro forma cash flow at least 120% of debt service. Up to 75% LTV "as-improved".

- Purpose: Multifamily Construction Loans & Construction to Permanent Loans (Rehab or New Con.)
- Equity Req.: Negotiated.
- Amount: Negotiated.
- Rate: Permanent loans may be fixed rate or ARM.
- Term: Permanent loans amortized up to 20 years.
- Collateral: Secured by 1st mortgage & personal guaranty.
- Repayment: Interest only through project stabilization, monthly principal & interest payments thereafter.
- Fee: Negotiated.

Multifamily Mortgages

Intended for experienced multifamily owner/developers. Up to 75% LTV. Project pro forma cash flow at least 120% of debt service.

- Purpose: Multifamily (5 or more units) permanent financing.
- Equity Req.: Negotiated.
- Amount: Negotiated.
- Rate: May be fixed rate or ARM.
- Term: May be amortized up to 20 years.
- Collateral: Secured by 1st mortgage & personal guaranty.
- Repayment: Monthly principal & interest payments. Amortization up to 20 years.
- Fee: Negotiated.

Refinance

Cash out for improvements to subject property or reinvestment up to 75% LTV "as-improved".

- Purpose: Financing for improvements to real property. Project must cash flow at 120% of debt service.
- Equity Req.: Negotiated.
- Amount: Negotiated.
- Rate: May be fixed rate or ARM.
- Term: May be amortized up to 20 years.
- Collateral: Secured by 1st mortgage & personal guaranty.
- Repayment: Monthly principal & interest payments. Amortization up to 20 years.
- Fee: Negotiated.

Energy Efficiency Improvements

Projects incorporating energy efficient improvements may be eligible for Ohio Energy Loan Fund linked deposit program to provide below market interest rate. Loan term may depend on payback analysis, useful life of capital improvement and other factors. Loans secured by 1st mortgage & personal guaranty.

Homeowner Products**Owner-Occupied Mortgage**

30 year fixed rate, currently 6.5% up to 80% LTV secured by 1st mortgage & personal guaranty.
15 year fixed rate, currently 6.0% up to 80% LTV secured by 1st mortgage & personal guaranty.

Homeowner Energy Efficient Mortgage

Similar to Owner Occupied Mortgage. For highly energy efficient owner occupied properties (typically newly constructed), or major home improvements that may be eligible for Ohio Energy Loan Fund program providing below market interest rate subject to approval and terms of OELF.

Homeowner Refinance Loan

Cash out for home improvements, similar to Owner Occupied Mortgage, above.

Cleveland Development Advisors, Inc. is an affiliate of the Greater Cleveland Partnership. We manage private-sector investment capital raised to advance economic and community development in the city of Cleveland. Our core mission is to invest in and support catalytic real estate projects designed to become anchors that attract further development of comparable quality, which will improve the character and vitality of the region. Providing this vital gap financing can help a catalytic project become a reality, and thus make a profound impact on the economic health and the quality of life in our city. Cleveland Development Advisors has established three (3) funds as sources of investment capital: *Cleveland Development Partnership II*, *Cleveland New Markets Investment Fund* and *Civic Vision Housing Fund*.

Although all three funds may be utilized for development with some portion of residential development within the project's scope, our residential investment is primarily driven through the Cleveland Civic Vision Housing Fund, which has provided financing for the construction of approximately 800 housing units since 2000. Investment guidelines are described below:

Civic Vision Housing Fund

Investment Focus:	Housing projects located in downtown Cleveland and adjacent neighborhoods.
Geographic Boundaries:	Within City of Cleveland boundaries.
Forms of Investment:	1) Acquisition, Construction and Permanent Loans, or 2) Equity Investments
Maximum Amount:	\$2.5 million
Maximum Term:	1) Permanent Financing = 7 yrs (no maturity beyond Sept. 2012) 2) Construction/Bridge Financing = 3 yrs
Maximum Amortization:	For Permanent Financing – 30 years; Interest Deferred for 6 months.
Interest Rate:	7 to 9% based upon risk factors.
Loan Fee:	1% of loan amount and legal fees. Due at closing.
Prepayment Penalty:	None.
Min. Debt/Service Coverage:	1.10 x
Max. Loan/Value Ratio:	90% of Appraised Market Value of completed project.
Security:	1 st or 2 nd Mortgage and/or Assignment of Rents and Leases and/or Personal Guarantees
Equity Requirement:	Minimum of 10% of combined cash, property investment, and/or tax credit equity.

Fannie Mae is a financial company on the New York Stock Exchange (FNM/NYSE) serving the American home mortgage industry. Fannie Mae offers banks and other mortgage lenders financing, credit guarantees, technology and services so lenders can make more loans to consumers at favorable rates and terms.

Fannie Mae also helps to finance affordable housing and community development projects, working with local, state and national housing partners. (For example, we are a major investor in Low Income Housing Tax Credits, which help finance affordable rental housing.) Fannie Mae also helps lenders finance the development of apartment buildings and other rental housing, especially affordable rentals. Our goal is to help lenders and housing partners to put more families into homes and keep their homes, and to expand the nation's stock of quality affordable housing.

Community Express®

Suggested Terms – *Please note this information is for discussion and marketing purposes only – this is not an offer from Fannie Mae to extend credit or financing, and is to be relied on at your own risk and cost. This marketing information is only intended to provide you with a sample of the terms of a loan of this type.*

Borrower:	Cities, Counties, Towns, Public Housing Authorities, and Housing Finance Agencies.
Three Types of Financing:	1) Term Loan, 2) Non-Revolver, and 3) Revolving Lines of Credit.
Loan Amount:	Minimum \$500,000 preferred, maximum \$15 million.
Maturity:	Up to 5 years, 3 years preferred, fully amortized.
Tax Status:	Taxable.
Interest Rate:	Variable interest rate based on 3-month LIBOR plus Fannie Mae spread.
Interest Rate Reset:	Interest rate will be reset quarterly.
Interest Payment:	Quarterly payments.
Principal Payment:	<i>Term Loan and Non-Revolver Line of Credit</i> – Quarterly payments. <i>Revolving Line of Credit</i> – Annual repayment of all principal outstanding.
Use of Proceeds:	Single-family or multifamily residential development – mixed-use projects can be considered.
Recourse:	Recourse limited to non-restricted assets.
Collateral:	AAA/AA-rated entity: none. A/BBB-rated entity: 10% of loan amount. BB/B-rated entity: 15% of loan amount. Unrated/Nonrated: 25% of loan amount minimum, final determination subject to full underwriting of Borrower. Acceptable collateral: perfected first lien security interest in cash or cash equivalents or letter of credit by a financial institution with a minimum long-term debt rating of A (S&P, Moody's, or Fitch). General Obligation pledge of taxing authority may be accepted in lieu of collateral, based upon financial capacity of Borrower.
Draw Period Expiration:	Six months prior to maturity date.
Legal Fees:	All legal fees to be paid by the Borrower at closing.
Standby Fee:	Annual fee of 15 basis points on the undrawn principal balance for Lines of Credit.
Origination Fee:	100 basis points of the loan or line amount.