REDEVELOPMENT AGENCY
OF SALT LAKE CITY

HOUSING PROPERTY ACQUISITION LOAN CRITERIA

Short-term loans are available to non-profit and for-profit developers who acquire property for mixed-income housing projects. The Redevelopment Agency will lend up to $500,000 for projects where 20 to 40 percent of total units proposed will be available to households whose incomes are 60 percent or less than area median income for rental units or 80 percent or less than area median income for owner-occupied condominium units.

The terms are 0% interest for non-profit and 5% interest to for-profit developers. The loan is due in full when the construction financing is in place. All loans are subject to qualifications of the borrower(s) and availability of funds.

Eligible Properties:

1. Residential or mixed-use properties located within a designated Redevelopment Agency (RDA) Project Area.
2. The owner's plan for the property contributes to the RDA's goals for the Project Area and is in conformance with neighborhood's master plan.
3. The proposed housing component must include either (i) in a rental housing development, <u>at least</u> 20% <u>and not more than</u> 40% of the units shall be rented or leased to households whose income is sixty percent (60%) or less of the median income of Salt Lake County for a period of at least 15 years, or (ii) in a for-sale housing development, <u>at least</u> 20% <u>and not more than</u> 40% of the units shall be sold to owner-occupant households whose income is eighty percent (80%) or less of the median income of Salt Lake County (the "Affordable Housing Requirements").

Persons Eligible to Apply:

1. The applicant for a loan must be the title owner to the property.
2. Applicant shall have a successful track record of developing housing.
3. Property taxes and special assessments must be current.
4. No judgments or liens are outstanding against the borrower(s).
5. Applicant's credit history shall demonstrate prompt payment of past obligations. Applicant shall have income adequate to repay the funds loaned.
6. The Agency shall not discriminate against any applicant for a loan because of race, handicap, age, color, religion, sex, or national origin.

Use of Loan Funds:

1. To finance the acquisition of property intended for all or part of a housing development.
2. To finance associated holding costs for the property.

Terms of Loans:

1. The maximum amount of a loan from the Agency for one project shall be $500,000.
2. The term of the loans shall be for a period of three (3) years.
3. For for-profit developers, interest shall accrue at a fixed rate of 5% per annum. The default rate shall be 14% per annum.
4. For non-profit developers, interest shall accrue at a fixed rate of 0%. The default rate shall be up to 14% per annum.
5. There shall be no payments on the loan. A balloon payment shall be due at the closing of a construction loan.

6. Applicant shall have recorded, in a first lien position, a housing deed restriction which will require that the Affordable Housing Requirements are met ("Deed Restriction"). Should another public entity providing financing or tax credits for the development also require a deed restriction which would be an equal or greater restriction on the affordable housing units ("the Substitute Deed Restriction"), the Agency shall release the Deed Restriction at the time the Substitute Deed Restriction is recorded. In no event, shall the Substitute Deed Restriction result in a development where the proportion of income targeted units exceeds 40%.
7. Design approval of the development by the Planning Commission or the Agency's Board of Directors.
8. Borrower is responsible for obtaining a phase one environmental survey, and if it appears necessary from the phase one survey, then a phase two study shall also be required at the sole discretion of the Agency. Properties found to have environmental hazards shall have a cleanup agreement with the Utah Department of Environmental Quality in place prior to loan closing.
9. Loans shall have safeguards satisfactory to the RDA to assure repayment and meet the RDA's underwriting criteria.
10. The Borrower shall provide a personal guaranty to the Agency guarantying full and unconditional completion of the proposed improvements and repayment of loan.
11. Loans may be prepaid in whole or in part at any time without penalty.
12. Loans made under this program shall be non-assumable and due in full on sale.
13. Loan amount shall include a fee in an amount to cover legal and other expenses related to the Agency's origination, underwriting and loan documentation.
14. Closing costs associated with a loan shall be borne by the applicant including but not limited to the cost of title search and insurance, credit reports, and attorney fees.

Collateral:

All loans will be secured by the property with a standard form RDA Trust Deed in first position. Appraisals must be conducted in conformance with the adopted policy of the Agency. No commercial appraisal will be required where the current year Salt Lake County Assessed value is adequate to meet the Agency's 80% loan-to-value ratio requirement. Other acceptable forms of collateral include:

- Standby Letter of Credit. Borrower provides a letter of credit from an approved financial institution. Prior written notice is required for any cancellation or non-renewal.
- Other Real Estate. Borrower provides the Agency with a first or second trust deed priority on property located in Salt Lake County.
- Pledge Account. Borrower enters into an agreement with the Agency to pledge an approved account for the term of the loan. The Agency would require written consent for all fund withdrawals. (Approved types of pledge accounts include: Certificates of deposit, savings accounts, Bonds).

Exceptions to Loan Criteria:

The Board of Directors, by a majority vote of those present, provided that a quorum is present, may waive requirements or make exceptions to the foregoing criteria and procedures with a finding that the goals of this program will be furthered by such waiver or exception. Agency staff will prepare a written statement regarding the waiver or exception and shall place the original statement and a copy of the minutes of the Board of Directors in the loan file.

Loan Document Confidentiality:

While private information will be protected to the greatest extent possible under the law. Any documents or records submitted to the Agency may be subject to disclosure pursuant to the Governmental Records Access and Management Act, U.C.A. § 63-2-101. If the Applicant believes the information provided to Agency constitutes trade secrets or confidential commercial information, please provide a written claim of business confidentiality and a concise statement of the reasons supporting the claim of business confidentiality in letter form.

SAMPLE LETTER

Re: Business Confidentiality Claim

Ladies and Gentlemen:

The undersigned intends to enter into negotiations with the Redevelopment Agency of Salt Lake City (the "RDA") regarding a possible business transaction (the "Transaction"). The undersigned may be required to disclose certain confidential business information to the RDA as part of the Transaction, including without limitation, tax returns, financial statements, business or project plans and similar materials. Because the RDA is a governmental agency which may be subject to the provisions of the Utah Government Records Access and Management Act, Utah Code Ann. §63-2-101, et seq. ("GRAMA"), information received by the RDA may be subject to public disclosure.

This letter is sent pursuant to Utah Code Ann. §63-2-305 and notifies the RDA that the undersigned considers the information accompanying this cover letter to be protected records pursuant to Utah Code Ann. §63-2-304 (1) and (2). The undersigned considers this information to be confidential to the undersigned's business operations and a trade secret and the undersigned would consider disclosure of this information to potentially result in unfair competitive injury to the undersigned. Therefore, the undersigned would request that the RDA maintain such information in a confidential nature and that the RDA not disclose such information pursuant to GRAMA or otherwise.