

CONNECTICUT HOUSING FINANCE AUTHORITY

[_____, 20____]

Attn: _____

**Re: Conditional Commitment for [_____]
[_____]
CHFA Loan Number [_____]**

Dear _____,

The Connecticut Housing Finance Authority, a body politic and corporate constituting a public instrumentality and political subdivision of the State of Connecticut (the "Lender"), hereby issues this conditional commitment (this "Commitment") for a construction mortgage loan (the "Construction Loan") and a permanent mortgage loan (the "Permanent Loan", together with the Construction Loan, collectively, the "Loan"), to be provided to [_____], a [_____] (the "Borrower") pursuant to Lender's Multifamily Financing Rate Lock Program (as offered and amended from time to time by Lender, the "Program"), and subject to the terms and conditions contained herein. The information included herein is based on Lender's most recent underwriting, is subject to change, and includes estimated Loan interest rates, Loan amounts and Loan fees based on Lender's Board of Directors authorizing resolution dated [_____, 20____].

In accordance with the terms and conditions of the Program, Lender and Borrower shall establish a thirty (30) day Rate Lock Period (the "Rate Lock Period") within which the Initial Closing (as defined herein) shall occur. Upon the establishment of the Rate Lock Period, Lender and Borrower shall amend **Schedule A**, attached hereto and made a part hereof, setting forth the effective Initial Closing Loan interest rates, which shall be set by Lender at its then-prevailing interest rates. Initial Closing Loan amounts and Loan fees shall be determined based upon such effective interest rates. The establishment of the Rate Lock Period remains subject to Lender's Board of Directors authorizing resolution, Lender's Program requirements, and Lender's multifamily underwriting standards. Any fee amounts paid by Borrower prior to the establishment of the Rate Lock Period shall be calculated based on estimated amounts and shall be subject to adjustment, with any outstanding balance due, or any surplus amount credited by Lender on Borrower's account, at Initial Closing.

The terms and conditions of the Loan shall be as follows:

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999 West Street / Rocky Hill, Connecticut 06067-4005 / 860-721-9501

An Affirmative Action / Equal Opportunity Employer

Commitment Letter
Form Revision Date: 4/27/16



CONNECTICUT HOUSING FINANCE AUTHORITY

Lender: Connecticut Housing Finance Authority
999 West Street
Rocky Hill, CT 06067

Borrower: [_____] [_____] [_____]

Commitment Expiration Date: [_____, 20____]

Initial Closing: A date mutually agreeable to Lender and Borrower for the closing of the Loan, *provided, however,* if the closing has not occurred on or before the Commitment Expiration Date, this Commitment shall expire and Lender shall be relieved of all obligations to make the Loan.

Construction Loan Amount & Construction Loan Interest Rate: As set forth on **Schedule A**.

Construction Loan Repayment: Monthly repayments of interest only, in arrears, based upon the Construction Loan Amount advanced to date and computed based on a 365 or 366 day year (as applicable) and the actual number of days per month.

Construction Loan Maturity: [_____] (__) years from the Initial Closing.

Permanent Loan Amount & Permanent Loan Interest Rate: As set forth on **Schedule A**.

Permanent Loan Repayment: Monthly repayments of interest only, in arrears, based upon the Permanent Loan Amount advanced to date and computed based on a 365 or 366 day year (as applicable) and the actual number of days per month, and commencing on [_____, 20__, monthly payments of principal and interest fully amortized over a [_____] (__) year period, which monthly payments shall be determined on the basis of amortization using a 360 day year.

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Permanent Loan

Maturity: [_____ ()] years from the Initial Closing.

Advances of
Loan Proceeds:

Commencing with the Initial Closing, each advance of Loan proceeds shall be apportioned pari-passu between Construction Loan proceeds and Permanent Loan proceeds.

Loan
Origination Fee:

Non-refundable as set forth on **Schedule A**, except as adjusted upon the establishment of the Rate Lock Period.

The Loan Origination Fee shall be determined based on the total of the Construction Loan Amount and Permanent Loan Amount (collectively, the "Loan Amount"), as follows:

- 2.00% of Loan Amount \leq \$1,000,000;*
- 1.75% of Loan Amount $>$ \$1,000,000 but \leq \$2,500,000;*
- 1.50% of Loan Amount $>$ \$2,500,000 but \leq \$5,000,000; or*
- 1.25% of the Loan Amount $>$ \$5,000,000*

The Loan Origination Fee shall be payable, as follows:

- 25% previously paid and credited (the "Good Faith Deposit"), as evidenced by the Good Faith Deposit Letter, attached hereto as **Schedule B** and made a part hereof;*
- 50% payable on date of this Commitment (the "Commitment Fee"); and*
- 25% payable at Initial Closing*

Bond Cost of
Issuance Fee:

Non-refundable as set forth on **Schedule A**, except as adjusted upon the establishment of the Rate Lock Period.

The Bond Cost of Issuance Fee shall be determined, as follows:

- 1.5% of the Loan Amount shall be due and payable at Initial Closing;*
- 0.25% will be added to the Permanent Loan Interest Rate; or*
- 0.75% will be added to the Construction Loan Interest Rate, provided, however, the 0.75% option is not available for construction-only financing*

Initial Closing
Extension Fee:

Non-refundable as set forth on **Schedule A**.

0.25% of the Loan Amount shall be due and payable in order to extend an established Rate Lock Period for an additional thirty (30) days.

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Rate Reset/

Rate Reset Fee: Non-refundable as set forth on **Schedule A**.

0.25% of the Loan Amount shall be due and payable in order to extend an established Rate Lock Period for a second (2nd) additional thirty (30) days, provided, however, Loan interest rates, amounts and fees would be then re-set to Lender's then current prevailing interest rates.

Resolution

Extension Fee: Non-refundable as set forth on **Schedule A**, except as adjusted upon the establishment of the Rate Lock Period.

0.25% of the Loan Amount shall be due and payable in order to extend the Commitment Expiration Date by six (6) months.

Final Closing:

The Final Closing shall occur on or before [_____, 20__ (the "**Final Closing Deadline**") in accordance with Lender's Standard Closing Requirements, provided, however, a \$5,000 fee shall be due and payable for each calendar month beyond such Final Closing Deadline in which the Final Closing has not occurred.

Development:

The real estate and/or leasehold interest in the real estate and all improvements thereon known as [_____] and located at [_____].

Closing Costs:

Borrower shall fund all third-party closing costs incurred by Lender, if any.

Real Estate Tax
& Insurance

Escrow:

Commencing upon the date of the Construction Loan Maturity, in addition to and along with the required monthly payments under the Permanent Loan, Borrower shall deposit with Lender one-twelfth (1/12th) of the estimated annual real estate taxes or other assessments, payments in lieu of taxes, and insurance premiums for policies required under the Loan.

Working Capital

Escrow:

An initial deposit of approximately [\$_____, **[payable from the Loan advance at the Initial Closing,**] will be required at Initial Closing and, commencing upon the date of the Construction Loan Maturity, an amount of [\$_____] per month, and which shall be held by Lender pursuant to the terms and conditions of Section 7(a)(B)(i) of the Standard Closing Requirements (as defined below).

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Replacement

Reserve: Commencing upon the date of the Construction Loan Maturity, Borrower shall make monthly deposits of [\$_____] (subject to annual adjustments), all of which deposits shall be held and disbursed by Lender in accordance with the terms and conditions of Section 3(f) of the Standard Closing Requirements.

Operating

Reserve: An initial deposit of approximately [\$_____], [**payable by Borrower OR from the Loan advance at the Initial Closing,**] will be required at Initial Closing, and commencing upon the date of the Construction Loan Maturity, Borrower shall make monthly deposits of [\$_____] (subject to annual adjustments), all of which deposits shall be held and disbursed by Lender in accordance with the terms and conditions of Section 3(f) of the Standard Closing Requirements.

Developer Fee:

Borrower shall be entitled to a developer's fee/allowance in an approximate amount of [_____ percent (____%)] of the Lender-recognized total development cost in compliance with the terms and conditions of Section 7(a)(A) of the Standard Closing Requirements.

Assurance of

Completion: Assurance of completion shall be required in accordance with the terms and conditions of Section 7(a)(B)(ii) of the Standard Closing Requirements.

Prepayment:

Except as provided herein, the Loan may not be prepaid in whole or in part at any time.

Affordability/

Use Restrictions: The Development shall remain as affordable housing until the later of: (i) [_____ (____)] years following the Initial Closing, or (ii) the date of repayment to Lender of the full principal amount of the Loan, together with interest and all other indebtedness related thereto, whichever is later, in accordance with the following:

Area Median Income “AMI”	<u>1-Bedroom</u> <u>Units</u>	<u>2-Bedroom</u> <u>Units</u>	<u>3-Bedroom</u> <u>Units</u>	<u>Totals</u>
At or below 25% AMI				
At or below 50% AMI				
At or below 60% AMI				
At or below 120% AMI				
Total				

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Recourse: The Loan shall be non-recourse to Borrower subject to Section 3(d) of the Standard Closing Requirements.

Property Management: Borrower shall have competent on-site property management, approved by Lender and a detailed property management plan shall be in place at the time of the Initial Closing and throughout the term of the Loan.

Transfer: The Development, or any interest therein, or any interest in Borrower, may not be transferred, pledged, or assigned, in whole or in part by Borrower, by operation of law, or otherwise, without the prior written consent of Lender.

Loan Security: The Loan shall be evidenced by a Construction Loan promissory note and a Permanent Loan promissory note, both secured by an open-end mortgage deed granting to Lender a first (1st) priority lien on the Development, and all personal property related thereto, together with appropriate financing statements, and such other documents evidencing and securing the Loan as may be required by Lender.

Condition and Value: Immediately following the Initial Closing, Borrower shall commence rehabilitation/construction of the Development, and following such rehabilitation/construction and throughout the term of the Loan, all improvements on the Development shall be complete and in good repair and condition thereafter.

Title: The Development shall be owned and/or leased by Borrower, whose title shall be good and marketable, fee simple and/or leasehold title, free and clear of all liens, encumbrances, security interests, restrictions and easements, except those approved by Lender.

Insurance: Not less than ten (10) days prior to the Initial Closing, Borrower shall deliver to Lender policies of insurance in compliance with Section 4(a) of the Standard Closing Requirements, as applicable. All insurance shall be subject to the review and approval of Lender.

Access and Observation: Lender, or its agents or independent contractors, may access and/or observe the Development at any time prior to and after the Initial Closing and Borrower shall permit access to the Development at any reasonable time for such observation.

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Conditions
to Initial Closing:

The following are conditions to, and requirements for, to the Initial Closing of the Loan:

Lender's: (a) confirmation of Borrower's receipt of commitments satisfactory to Lender such that the total of the sources and uses of funds for completion of the Development are in balance, and (b) acceptance and approval of the final (i) form allocation of funds (sources and uses), (ii) form development budget, and (iii) form developer tax certificate (tax exempt bond issuance);

Lender's confirmation of Borrower's receipt of: (a) a commitment from the State of Connecticut Department of Housing ("DOH") for no less than [\$_____] in subordinate funding, with terms and conditions satisfactory to Lender (or that Borrower produce a commitment for a comparable amount from other sources with terms and conditions satisfactory to Lender), and (b) State Bond Commission approval for any such DOH commitment or any state agency financing in lieu thereof;

Lender's acceptance and approval of the Borrower's final form operating agreement or limited partnership agreement, including terms which enable Lender to confirm Borrower's receipt of sufficient annual 4% Low-Income Housing Tax Credits to produce net syndication proceeds of no less than [\$_____] (or produce at least that amount from other sources and with terms satisfactory to the Lender);

Lender's acceptance and approval of the final form documentation which enable Lender to confirm Borrower's receipt of sufficient annual Federal Historic Tax Credits to produce net syndication proceeds of no less than [\$_____] (or that Borrower produce a comparable amount from other sources and with terms satisfactory to Lender);

Lender's acceptance and approval of the final form documentation which enable Lender to confirm Borrower's receipt of sufficient annual State Historic Tax Credits to produce net syndication proceeds of no less than [\$_____] (or that Borrower produce a comparable amount from other sources and with terms satisfactory to Lender);

Lender's confirmation that Borrower has obtained a commitment from the City of [_____] for a tax abatement/P.I.L.O.T. agreement with terms and conditions satisfactory to the Lender, unless the Borrower produces a commitment for a comparable amount from other sources with terms and conditions satisfactory to the Lender;

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Documentation satisfactory to Lender that Borrower has available at least [\$_____] in cash equity either in place or available, or that the Borrower produce at least that amount from other sources with the terms and conditions satisfactory to the Lender;

Lender's acceptance of Borrower's receipt of a subordinate Deferred Developer Fee Loan in the amount of not less than [\$_____] or that Borrower produce a commitment for at least that amount from other sources with terms and conditions satisfactory to the Lender;

All governmental approvals and zoning compliance for the Development be in place and accepted by Lender;

Lender's acceptance and approval of the Development's final (a) construction costs, (b) 100% plans and specifications, (c) ALTA survey with certifications to the Lender and the title insurance company, (d) form owner/architect agreement, (e) form general construction contract, (f) form project cost summary, (g) form exploded trade payments breakdown, and (h) form 100% payment and performance bonds;

Lender's acceptance and approval of documentation regarding hazardous waste testing at the Development (including an environmental site assessment), and, if applicable, removal and disposal;

Lender's acceptance and approval of Borrower's proposed property management organization and related documents for the Development, including the submission of an executed Management and Affirmative Fair Marketing Agreement acceptable to Lender;

Lender's acceptance and approval of a flood certification for the Development;

Lender's acceptance and approval of a pro forma mortgagee title insurance policy;

Such additional items as Lender may require as evidence which demonstrates to the Lender's satisfaction that the Borrower can close the Loan within thirty (30) days after the establishment of the Rate Lock Period.;

Borrower being in compliance with all of the requirements of the Program and all applicable state regulations promulgated in connection therewith as determined by Lender;

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Lender's acceptance and approval of Borrower's proposed operating income and expenses for the Development;

Lender's acceptance and approval of independent "as-is" and "as developed" appraisals and a market acceptance analysis for the Development;

The payment by Borrower to Lender: (a) in cash, at the time of execution of this Commitment, of a non-refundable Commitment Fee in an amount determined in accordance with **Schedule A**, attached hereto and made a part hereof, and (b) a Loan Origination Fee and Bond Cost of Issuance Fee in an amount determined in accordance with **Schedule A**, payable at Initial Closing;

Execution and delivery of all required closing loan documents and instruments, including a promissory note, mortgage, declaration of restrictive covenants, regulatory agreement, escrow agreement, financing statements, subordination agreements with respect to new and existing debt (as necessary), and all other agreements determined to be necessary by Lender for the Initial Closing;

There shall be no misrepresentation or material omission in, or material change to, the information contained in, or provided with, Borrower's loan application;

No material damage shall have occurred to the Development that is not fully restored and no portion of the Development shall have been taken by eminent domain or condemned;

No material adverse change shall have occurred to the Development or the condition of Borrower;

No legal proceedings shall affect the Development or Borrower;

All terms and conditions of this Commitment shall have been fully satisfied;

The satisfactory assessments by Lender's staff on the Development's environmental, physical needs, market issues and valuation;

Review and approval of all necessary loan documents by Lender's legal counsel, and in the event of any conflicts between this Commitment and any of the loan documents evidencing the Loan, it is the parties intent that the terms of the respective loan documents shall govern; and

Compliance with all of Lender's other requirements contained in its "*Standard Closing Requirements*" which requirements are available at:

Initial Here: _____

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<http://www.chfa.org/Rental%20Housing/Loan%20Closing%20Materials/default.aspx>

the terms of which are incorporated herein by reference, *provided, however*, if there is any inconsistency between the provisions of this Commitment and the Standard Closing Requirements, the terms of this Commitment shall control.

Indemnity: Borrower hereby indemnifies and holds harmless Lender from and against any and all claims for any fees, charges or commissions, including brokerage claims, arising out of or in connection with this Commitment or the Loan.

Not Assignable: This Commitment is personal to Borrower and is not assignable by Borrower without Lender's prior written consent.

Forum and Applicable Law: In the event any dispute arises as to this Commitment, the parties agree that the same shall be litigated in the state courts of the State of Connecticut and the laws of the State of Connecticut shall apply.

Entire Agreement: This Commitment sets forth all the covenants, conditions and undertakings between Borrower and Lender relating to this Commitment and supersedes any and all prior commitments, agreements, understandings and inducements, expressed or implied, whether written or oral, relating to the subject matter hereof. This Commitment may not be modified, amended, altered or supplanted, except upon the execution and delivery of a written revised commitment executed by Lender and Borrower.

Please indicate Borrower's acceptance of the terms of this Commitment by executing below and initialing each page hereof, and returning to Lender two (2) original copies of this Commitment along with the non-refundable Commitment Fee. The two (2) accepted Commitments along with the Commitment Fee should be sent to the attention of _____. One (1) original copy of this Commitment signed by Lender shall be returned to Borrower for its records.

Initial Here: _____

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A signed acceptance of this Commitment must be received by Lender on or before 5:00 PM E.S.T. on _____, 20____. This Commitment Letter shall not be effective until accepted by Borrower and signed by Lender, and if not accepted by Borrower by the said date, shall be of no further force or effect.

If Borrower has any questions with respect to this Commitment, please call _____. On behalf of Connecticut Housing Finance Authority, we look forward to working with you in connection with this Loan.

Sincerely,

CONNECTICUT HOUSING FINANCE AUTHORITY

By: _____

Name:
Title:
Duly Authorized

COMMITMENT ACCEPTANCE

On behalf of Borrower, the undersigned does hereby accept this Commitment, and accepts and acknowledges all of the terms and conditions set forth herein.

[_____]
By: [_____]
Its [_____]

By: _____
Name:
Title:
Duly Authorized

Date: _____, 20____

Initial Here: _____

CONNECTICUT HOUSING FINANCE AUTHORITY

Schedule A

Loan Amounts, Loan Interest Rates & Loan Fees

Construction Loan Amount	Up to [\$_____]
Construction Loan Interest Rate	Not to exceed [_____] % per annum
Permanent Loan Amount	Up to [\$_____]
Permanent Loan Interest Rate	Not to exceed [_____] % per annum
Loan Origination Fee	<p>[\$_____] <i>(Good Faith Deposit previously paid on ____, 20__)</i> <u>[TO BE PAID PRIOR TO BOARD RESOLUTION & EVIDENCED ON SCHEDULE B]</u></p> <p>[\$_____] <i>(Commitment Fee paid [_____, 20__])</i> <u>[TO BE PAID AT COMMITMENT SIGNING]</u></p> <p>[\$_____] <i>(balance due at Initial Closing)</i></p>
Bond Cost of Issuance Fee	[\$_____]
Initial Closing Extension Fee	[\$_____]
Rate Reset Fee	[\$_____]
Resolution Extension Fee	[\$_____]
Final Closing Extension Fee	\$5,000 for each month (or part thereof) beyond the required Final Closing Deadline

Initial Here: _____

CONNECTICUT HOUSING FINANCE AUTHORITY

Schedule B

Copy of Good Faith Deposit Letter

Attn: _____

Re: Conditional Commitment for [_____] [_____] (the “Development”)

Dear _____,

The Connecticut Housing Finance Authority is proceeding with consideration of your mortgage loan application for the Development. As a condition to consideration of the application by CHFA’s Board of Directors, CHFA requires payment of a Good Faith Deposit Fee in the amount of [\$_____], which fee shall be refundable if the CHFA’s Board of Directors considers (but does not adopt an authorizing resolution) to approve mortgage loan financing for the Development.

Otherwise, the Good Faith Deposit Fee shall be non-refundable.

Following a board approval, the Good Faith Deposit shall be credited against the Loan Origination Fee due at initial closing in accordance with the CHFA Multifamily Financing Rate Lock Program (as offered and amended from time to time). Any adjustments to the Loan Origination Fee and Good Faith Deposit Fee arising from changes in the authorized mortgage loan amounts will be made at or before initial closing.)

Please make the check payable to “*Connecticut Housing Finance Authority*”, include the name of the Development and the type of application (e.g. Tax-Exempt Bond financing, LIHTC, etc.) on the memo section of the check, and send the check to the attention of [_____] at CHFA, 999 West Street, Rocky Hill, Connecticut 06067-4005 for receipt on or before [_____, 20__]. Please note that the failure to provide the Good Faith Deposit in a timely manner may delay action on your mortgage loan application.

Sincerely,

CONNECTICUT HOUSING FINANCE AUTHORITY

By: _____

Name:
Title:
Duly Authorized

Initial Here: _____

CONNECTICUT HOUSING FINANCE AUTHORITY

Accepted and Agreed to By:

[_____]

By: [_____] Its [_____]

By: _____

Name:

Title:

Duly Authorized

Date: _____, 20__

Initial Here: _____