



Community Economic Development  
Assistance Corporation

**GUIDELINES FOR CEDAC  
DEVELOPMENT ASSISTANCE  
PROGRAM**

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## **OVERVIEW**

The Community Economic Development Assistance Corporation (CEDAC) is a quasi-public corporation established under Chapter 40H of the Massachusetts General Laws in 1978. CEDAC is the state's technical assistance provider for non-profit, community-based development organizations. CEDAC has also received a determination from the Internal Revenue Service as a 501 (c) (3) tax-exempt organization. CEDAC's nine-member Board of Directors, sets overall corporate policy and approves the commitment of funds to non-profit developers for specific projects. The Secretary of Housing and Economic Development or designee serves as CEDAC's Board Chair and the Governor appoints the remaining eight members of CEDAC's Board.

CEDAC's mission is to promote the development of a network of community-based, non-profit development organizations in Massachusetts, and to provide those non-profit partners with the technical expertise and financial backing they need to carry out significant real estate and economic development projects to benefit low and moderate-income households in their neighborhoods and communities. CEDAC provides its non-profit partners with two key technical assistance resources: professional expertise, and loan capital for the predevelopment costs of their real estate projects.

These guidelines for CEDAC's Development Assistance Program outline the purpose and structure of the agency's early-stage lending programs. CEDAC encourages prospective borrowers to contact the agency's staff early in the process of project development. Even at the concept stage, CEDAC project managers are available to help assess the preliminary feasibility of a project, strategize about development programs for a site, and help prospective borrowers evaluate and select development team members. CEDAC's project staff has considerable experience in non-profit real estate development and management, and can share that experience, and their knowledge of public and private financing programs, with our non-profit partners.

## **GENERAL GUIDELINES FOR DEVELOPMENT ASSISTANCE**

Developers of real estate, whether for-profit or non-profit, need access to predevelopment and acquisition capital in order to advance real estate development projects, before construction financing commitments can be secured. Predevelopment capital covers soft costs, such as architectural and engineering design services, cost estimates, legal services, market studies, development consultants, appraisal fees, site surveys, application fees, and down payment or option expenses to secure or retain control of a site. Acquisition capital is a vital source of funding for non-profit developers to acquire a property, either for preservation or new production, which may otherwise be lost to the private market.

CEDAC's advantageous underwriting means that non-profit housing developers regardless of size can access early-stage seed money to move their projects through the predevelopment period. Our loan products include minimal closing costs; predevelopment interest and principal payments deferred until closing; and generous loan-to-value ratios for acquisition loans. CEDAC's predevelopment and acquisition capital enables non-profit community-based development corporations to maximize their control over the real estate development activities in which they are engaged, and to successfully complete their projects.

## **1. ELIGIBLE ORGANIZATIONS**

CEDAC's predevelopment and acquisition loans are available to non-profit corporations, limited equity cooperatives, and public agencies, including public housing authorities. Non-profit corporations typically must be incorporated under Chapter 180 of Massachusetts General Laws.

All recipients of CEDAC's development assistance loans must show evidence that they devote a substantial part of their efforts to activities intended to preserve existing or create new units of affordable housing, or otherwise meet the requirements noted in CEDAC's enabling legislation<sup>1</sup>. CEDAC's Board votes to approve each loan request in accordance with these requirements.

In addition, eligible applicants, their partners, and/or development team members must have successfully completed an affordable housing project, and be able to demonstrate that the borrower organization or partner has well-functioning and acceptable financial management systems and experience in managing consultants.

Under certain circumstances, CEDAC may also extend loans to joint ventures, including those between a non-profit and a for-profit or between two non-profits. For more information on CEDAC's Joint Venture Policy, see page 10.

## **2. ELIGIBLE PROJECTS**

Eligible organizations may request CEDAC assistance for costs associated with the acquisition, rehabilitation, or new construction of specific real estate projects located within the Commonwealth of Massachusetts. Applications will be considered either for production projects or preservation of existing affordable housing.

CEDAC's enabling legislation requires that assisted projects meet certain standards, and that such projects typically benefit low and moderate income families and individuals.

## **3. ELIGIBLE USES OF FUNDS**

CEDAC predevelopment loans may be used to pay for predevelopment costs, including initial feasibility and market studies; architectural and engineering services; legal services; development consultant services; the costs of surveys, environmental testing and appraisals; historical certifications; application fees; financing and zoning application fees; option payments, or deposits on a purchase and sale agreement to acquire sites; and related project expenses. Typically, CEDAC does not fund project management or overhead costs. CEDAC acquisition loans may be used to pay for the purchase of a property and approved closing costs, as well as, in certain cases, for capitalized funds to pay CEDAC acquisition loan interest.

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<sup>1</sup> For a more complete explanation of organization and project eligibility, please refer to [MGL Chapter 40H Section 5](#) of CEDAC's enabling legislation.

## **4. LOAN PRODUCTS**

CEDAC assistance will take one of the following forms depending on the use of funds, capacity of the borrower, and the stage of the project:

- 1) Acquisition Loans – to purchase a property when the project meets early feasibility thresholds;
- 2) Initial Feasibility Assistance - for projects in the early feasibility stage of development;
- 3) Predevelopment Loans - for projects that meet early feasibility thresholds; this funding can be used for site control and other predevelopment costs;
- 4) Predevelopment Lines of Credit - for organizations that meet capacity thresholds; this money can be used for site control and other predevelopment costs as well as project management;
- 5) Bridge Loans – to fund development costs for projects whose construction/permanent financing is available in a future fiscal year; and
- 6) Technical Assistance Advance - for organizations that cannot demonstrate the organizational or financial management requirements for a predevelopment loan.

These forms of assistance are described below in further detail.

### **A. Acquisition Loan Program**

#### Acquisition Loans

Through its Acquisition Loan Program, CEDAC makes short term secured acquisition loans to enable eligible borrowers to purchase property in advance of construction loan closing for the creation or preservation of affordable housing. CEDAC's acquisition loan underwriting focuses on three major areas: project feasibility, appraised value, and borrower financial and technical capacity. The program is designed to allow non-profit developers to respond to development opportunities while assembling financing from the multiple public and private sources typically required for feasibility and affordability. Borrowers should have site control before the project comes to the CEDAC board for approval.

For terms and conditions for Acquisition Loans, please see the current [Term Sheet](#).

### **B. Predevelopment Loan Program**

#### Initial Feasibility Assistance Loans (IFA)

CEDAC IFAs have a maximum of up to \$15,000 and are designed to assist borrowers with early feasibility on a development project. CEDAC staff can review and approve an Initial Feasibility Assistance loan request, as long as that organization has had a loan approved by CEDAC's Board within the past 12 months. Otherwise, IFA loans will require CEDAC board approval of the applicant organization following review of an application by CEDAC staff. IFA funds are typically targeted towards early feasibility, including financial modeling, early architectural/engineering, environmental testing, and in some cases costs associated with gaining site control. In general, costs that qualify under CEDAC's regular predevelopment loan programs are eligible IFA costs.

## Predevelopment Loans

CEDAC's predevelopment underwriting will focus on the feasibility of the proposed project, and the financial and technical capacity of the applicant and its development team. Borrowers may use Predevelopment Loans to cover predevelopment expenses intended to advance the project. If approved by the CEDAC board, and subject to special underwriting, borrowers may also use Predevelopment Loans to cover site control costs including deposits and option payments. If CEDAC makes an acquisition loan to the project, the developer may in certain cases also use CEDAC predevelopment funds for quarterly interest payments and other carrying costs. In general, CEDAC does not allow the use of predevelopment funds to support the organization's staff or overhead expenses, although rare exceptions may be made for projects that are fully funded and close to closing. CEDAC project staff will work with the borrower to establish a predevelopment budget. Borrowers should have site control before the project comes to the CEDAC board.

CEDAC makes predevelopment loans on an incremental basis. Typically, borrowers return to the CEDAC board for loan increases one or more times before construction closing, though applications for increases are abbreviated and take the form of an update. Each time the CEDAC project manager presents the project to the board, s/he evaluates the request and predevelopment budget with regard to the project's status, milestones achieved or to be achieved, risk level, and critical path. For example, an initial request might cover costs to complete permitting and apply for public funds, a second request might allow the project to apply for funds a second time, and a third and final request covers costs to get to construction closing. While CEDAC does not have a limit on the total amount borrowed under a predevelopment loan, CEDAC project managers work with borrowers to size predevelopment loans on a case-by-case basis and will take other sources of predevelopment capital into account.

For terms and conditions for Predevelopment Loans, please see the current [Term Sheet](#).

## Predevelopment Lines of Credit (LOC)

Non-profit organizations that meet certain objective criteria over and above CEDAC's typical eligibility requirements may apply for a project-specific non-revolving Line of Credit to support predevelopment work. Eligible borrowers must have completed at least two similar projects over the preceding five years; be in good standing with CEDAC; and during the term of the loan meet and maintain financial covenants including minimum liquidity, ratios, and net asset base. Borrowers must submit quarterly financial statements for CEDAC review, and CEDAC reserves the right to approve additional unsecured borrowing. As with Predevelopment and Acquisition Loans, the borrower should have site control before the project comes to the CEDAC Board.

Borrowers who access the Line of Credit product may borrow up to \$750,000 with a single application and approval by the CEDAC board. CEDAC project managers will work with borrowers to determine appropriate project milestones to release tranches of funds under the Line of Credit.

For terms and conditions for Lines of Credit, please see the current [Term Sheet](#).

## Technical Assistance Advance Loans (TAA)

In rare circumstances where an applicant does not meet CEDAC's organizational, financial, or technical capacity threshold, CEDAC can opt to make a Technical Assistance Advance (TAA) loan.

Under a TAA, CEDAC disburses its loan funds as payments directly to contractors for professional or technical services on behalf of the CEDAC borrower, if and until the borrower or project qualifies for direct lending of CEDAC loan funds. These payments are construed as advances under CEDAC's loan agreement with the borrower. Once the borrower can demonstrate that it satisfies the organizational management requirements for direct disbursements, or otherwise satisfies CEDAC staff that the borrower has the capacity to carry out the project, CEDAC staff may seek Board approval for a Predevelopment Loan, and will then roll the existing TAA Loan into the new Predevelopment Loan. Should the CEDAC project manager determine that the borrower is best suited to apply for a TAA loan, the applicant should follow the Predevelopment Loan application process.

## **C. Bridge Loan Program**

### Bridge Loans

CEDAC's Bridge Loan product allows otherwise ready-to-close projects to proceed into the construction phase without further delays and potential cost increases caused by occasional cash flow constraints in state capital bond programs. Most, if not all, of the projects to which CEDAC commits bridge loan financing will already be in CEDAC's portfolio, either through CEDAC's predevelopment work, as the DPL (deferred payment loan) lender, or both. In limited cases, CEDAC will consider requests to bridge sources other than state capital bond programs. In all cases, though, loans or equity will close prior to the disbursement of bridge loan capital.

CEDAC will commit up to 100% of the proceeds of the public capital bond commitment. All principal and interest payments are deferred until maturity.

Please contact your CEDAC project manager or the Director of Housing Development if you have any questions regarding the Bridge Loan product.

## **5. APPLICATION PROCESS**

### Standard Application Process

CEDAC's enabling statute requires that CEDAC's Board of Directors approve all applications for predevelopment, acquisition, and bridge assistance. The CEDAC Board of Directors meets nine times per year, approximately every six weeks, to review requests for assistance, and a schedule of board meetings is available on the CEDAC [website](#).

**The first step for any potential applicant is to contact CEDAC.** Applicants may reach out to the Director of Housing Development, or to a CEDAC project manager with whom they have worked in the past. This conversation provides an opportunity for the project sponsor to introduce the project to CEDAC, and to obtain information about CEDAC's lending and technical assistance programs if needed. Following this conversation, the CEDAC project manager will work with the applicant to determine the appropriate form and amount of assistance and the timing of an application as well as to schedule a site visit, required for CEDAC underwriting. Interested applicants may contact CEDAC at any time; applications are due four weeks prior to a CEDAC Board meeting.

## Initial Feasibility Assistance Applications

Applicants for IFA loans use an [abbreviated application](#) format, which includes basic information about the project and the organization.

## Predevelopment and Acquisition Loan Applications

Applicants for predevelopment and acquisition loans should use the CEDAC [Application for Development Assistance](#) and [Budget Form](#).

The application requests the following information:

- organizational experience and capacity,
- detailed project profile,
- description of the milestones that the applicant needs to reach and an outline of tasks and work products needed to reach those milestones,
- proposed process to select the development team as well as statement regarding MBE/WBE utilization goals,
- preliminary development and operating pro forma,
- data about the site and the status of site control,
- anticipated unit size and affordability mix with both projected rents and neighborhood market rents provided,
- program including set-asides for special populations,
- proposed project financing plan,
- applicant eligibility for CEDAC assistance, and
- project consistency with CEDAC policies.

For projects that are at a more advanced stage, the applicant should also include evidence of milestones reached, including evidence of site control; commitments for financing; selection of development team; market analysis; results of environmental and/or geotechnical testing; and sources and uses of funds for both the construction and permanent financing phases.

Projects that include supportive housing should also provide a service plan, projected source of funding for supportive services, and information about the service partner or process to identify a service partner, if relevant.

Finally, all predevelopment applicants should submit a comprehensive sources and uses budget for predevelopment expenses, including other sources of predevelopment capital and a clear line item breakdown of costs. For acquisition loans, CEDAC requires that the applicant provide an interim-period budget for carrying costs.

When borrowers seek CEDAC support for site control expenses such as deposits or option payments, CEDAC evaluates the legally binding site control document, typically a purchase and sale agreement or an option agreement, as well as the borrower's ability to perform according to the site control document.

Applicants must also submit three years of audited financials (Uniform Guidance Single Audit, Subpart F, formerly A-133, if applicable), auditor-issued management letters with management response, annual operating budget, and year-to-date financial statements from the most recent quarter of the current



fiscal year with a budget to actual. CEDAC underwriting includes a full financial review of the applicant organization.

Applicants may substitute or attach excerpts from other documents, such as an existing One-Stop, for many sections of the CEDAC application, as long as the applicant provides all available requested information. CEDAC also requires that applicants provide images that can be used as part of the staff presentation to the CEDAC Board; those typically include a neighborhood map, site plan, and rendering. For any materials or attachments, applicants may provide links to file sharing sites such as Dropbox or Google Drive, as long as those files are organized and labeled to correspond with the CEDAC application. CEDAC project managers can offer guidance if there are questions about the application or materials to be submitted. Applications should be submitted via email. The pro formas should be in Excel format.

In evaluating new loan requests, CEDAC will take into consideration the repayment history of prospective borrowers.

CEDAC staff prepare a written review for the CEDAC board, as well as a presentation for the CEDAC board meeting. Board members vote on the loan request following the presentation.

#### Predevelopment Loan Increase Applications

A borrower fills out the full application form only once per project, at the initial application for CEDAC's predevelopment assistance. Borrowers may submit applications for increases to the loan via the abbreviated Increase Application. At that time, the borrower submits a [memo](#) with updates to the project's status, along with current pro formas, an [updated predevelopment budget](#), and any evidence of milestones and/or third party reports available. The borrower must also submit current organizational financials, including any audits and management letters subsequent to the original application, as CEDAC will prepare a fully updated financial review. In all cases, borrowers should confer with CEDAC staff prior to submitting an application.

#### Bridge Loan Application

Bridge loan applicants should contact CEDAC's Director of Housing Development, or their CEDAC project manager, as soon as they identify the need for a bridge loan and at least four weeks prior to a CEDAC board meeting. If the project already has an approved CEDAC acquisition or predevelopment loan, or if CEDAC is a participant in the MassDocs closing, no formal application will be required other than a written indication of the amount requested, funding source to be bridged, and timing of that source's availability. CEDAC staff will need to provide a written analysis to the CEDAC Board for approval at a CEDAC board meeting.

## **6. LOAN CAPITAL SOURCES**

CEDAC draws its [loan capital](#) from a variety of public and private sources, including but not limited to [Home Funders Collaborative LLC](#) (Home Funders), the [Massachusetts Life Insurance Community Investment Initiative](#), Affordable Housing Trust Fund Predevelopment Loan Fund (AHTF), the City of Boston Department of Neighborhood Development (DND), DHCD Housing Stabilization Fund Program and Capital Improvement and Preservation Funds, and several banks. Some of these

sources, including the two noted below, allow CEDAC to offer favorable terms in exchange for meeting certain affordability and project requirements.

### Home Funders

Using funding provided by the Home Funders Collaborative, CEDAC is able provide financing to the borrower at a reduced interest rate and increased loan-to-value ratio, for projects that set aside at least 20% of their units for homeless or other extremely low-income families. Term sheets for Home Funders [predevelopment](#) and [acquisition](#) loans are available on CEDAC's website.

### Boston Vacant Site Acquisition Fund

Using funding provided by the City of Boston Department of Neighborhood Development (DND), CEDAC, in concert with Local Initiatives Support Corporation (LISC), established the Boston Vacant Site Acquisition Fund in 2017. The goal of the program is to provide financing to non-profit developers for the acquisition of vacant and underutilized land and buildings in Boston for future development as mixed-use and affordable housing. The funding targets Boston neighborhoods that are at risk of gentrification with potential displacement of long-term residents. The program includes a streamlined application and approval process. An [outline](#) of the program is available on CEDAC's website.

## **7. OTHER LOAN UNDERWRITING POLICIES**

### Joint Venture Policy

CEDAC's enabling legislation stipulates that the agency shall give preference in awarding financial and technical assistance to projects in which non-profit development corporations have an ownership interest. The CEDAC board has also enunciated a policy that non-profit developers should exercise majority ownership control over projects in which they are involved, and that CEDAC will generally direct its assistance to those projects which exhibit majority control by a non-profit developer. CEDAC's interest lies in targeting its public resources to leverage the maximum degree achievable of non-profit ownership, and the public benefits which derive from that ownership interest.

Projects under development by joint ventures between for-profit and non-profit developers may receive CEDAC predevelopment and acquisition loans, but the non-profit should exercise majority ownership control. CEDAC may at its sole discretion make a loan to a project with non-profit minority ownership control, if that loan will help to strengthen the non-profit's role in the project. In sizing the loan, CEDAC will consider the proportional split of risk and reward between the non-profit and for-profit partners. CEDAC may at its sole discretion require a guarantee of the loan from the for-profit partner.

Some non-profit borrowers choose to partner with other non-profits. CEDAC reserves the right to apply a similar analysis to joint ventures between non-profit partners.

### Financial Obligations

Applicants must be current on any financial obligations to CEDAC and other state agencies arising from prior assistance, or have negotiated an acceptable repayment plan. Provided that an applicant is current on obligations to CEDAC, CEDAC may consider extending assistance to support organizations with outstanding delinquencies with other state agencies, provided that CEDAC's assistance will enable the recipient to plan to address and satisfy the obligations of the other state agencies.

### Retroactive Payment for Expenses Incurred

In general, CEDAC funds predevelopment expenses incurred after approval of a loan by the CEDAC Board of Directors. However, CEDAC project managers may recommend an exception to this policy on a case-by-case basis.

### Site Control Payments

Borrowers may use a portion of the predevelopment loan to cover down payments, etc. In these cases, CEDAC staff will review documentation (e.g. draft copy of the option, or purchase and sale agreement) prior to execution by borrower.

## **8. LOAN TERMS AND DOCUMENTATION**

### Initial Feasibility Assistance

In keeping with the streamlined procedures for IFAs, CEDAC uses a simplified loan agreement and promissory note. If an IFA loan is followed by a CEDAC predevelopment loan commitment to the same project, CEDAC discharges the IFA promissory note, and replaces it with a predevelopment loan agreement and promissory note for the project. The loan then follows the standard procedures for predevelopment loans.

CEDAC IFAs bear a simple fixed interest rate. Interest accrues based on the date and amount disbursed.

Borrowers should follow the same invoicing instructions as noted below for the predevelopment loan.

CEDAC IFAs (including principal and any accrued interest) are repayable from the proceeds of the project's financing, at the earliest date on which those funds become available to the borrower.

There are no commitment fees or legal fees associated with the IFA.

### Predevelopment Loans

All CEDAC predevelopment loans are evidenced by a loan agreement between the borrower and CEDAC. The predevelopment budget is included as an exhibit to the loan agreement. Lines of credit also include a set of milestones and related tranches for disbursement at the achievement of those milestones.

CEDAC may make unsecured predevelopment loans but requires a mortgage, at CEDAC's discretion, if the borrower acquires the property proposed for development at any time during the predevelopment loan period.

To streamline our loan documentation process, CEDAC typically prepares predevelopment loan documents with initial loan limit amounts between \$400,000 and \$600,000, even when a lower amount has been authorized for disbursement by the CEDAC Board. CEDAC typically approves loan increases to the borrower for each project as it progresses. **When the CEDAC Board approves an increase, CEDAC documents that approval with an increase commitment letter, which when executed, serves as an amendment to the loan agreement for the project.** This streamlined process is designed to save time and legal expense for the borrower.

In general, CEDAC approves predevelopment loan amounts to allow projects to meet critical milestones in the development process. Approval of subsequent requests depends on the developer's progress in advancing the project. This process of incrementally lending predevelopment funds tied to the progress of the project helps CEDAC manage the risk associated with its lending program. This incremental approach to lending results in an initial loan commitment followed by subsequent increases to that commitment during the predevelopment period. Borrowers may requisition only those loan amounts that have been approved by CEDAC's Board.

CEDAC staff may recommend loan increases as needed to complete the project. CEDAC reserves the right to, and generally will, phase its approval and disbursement of predevelopment loan funds in accordance with the project's immediate needs, and its continuing ability to demonstrate feasibility. Each successive increase in the amount of funds committed under a predevelopment loan shall be separately approved by the Board of Directors.

If a non-profit borrower plans to use funds from CEDAC for the benefit of a partnership or joint venture it has formed to carry out the project, CEDAC will require this development entity, as the proposed recipient of the construction loan, to guarantee repayment from the construction loan proceeds.

CEDAC predevelopment loans bear a simple fixed interest rate. Interest accrues based on the date and amount disbursed. Most loans bear a standard interest rate, with the exception of some of CEDAC's special capital sources. CEDAC posts its predevelopment interest rate on the [term sheet](#) found on its website.

Borrowers may request disbursement of predevelopment loan funds as frequently as every two weeks during CEDAC's regular invoice cycles. Draws on a line of credit are limited to monthly requests, with a minimum draw or advance amount of \$10,000. Requisition packages are simple, with a cover letter, requisition spreadsheet with borrower certification, and invoice backup. During a typical invoice week, CEDAC usually mails checks to borrowers three days after the close of the invoice deadline, as long as requisition packages are complete at the time of the invoice deadline. Borrowers interested in receiving payment via ACH should submit an [ACH form](#) with each predevelopment requisition. Borrowers may request disbursement as needed, in consultation with their CEDAC project manager. CEDAC project managers review and approve all disbursement requests and may approve changes to predevelopment line items. [Invoicing instructions](#) are available on CEDAC's website.

CEDAC predevelopment loans do not have a fixed maturity date, and all principal and interest payments are deferred until construction loan closing, when the loan is due for repayment. Borrowers must request a payoff that documents outstanding principal and interest, with a per diem interest calculation. The portion of predevelopment funds used for site control, if any, must be repaid in full at or

before site acquisition. Loans not repaid at that time are considered to be delinquent and in default under the terms of CEDAC's loan agreement.

CEDAC closes all predevelopment loans in-house, using a standard form of loan documents, to keep legal fees to a minimum. On rare occasions, CEDAC will engage outside counsel to assist with complex predevelopment loan documentation.

CEDAC charges a 1% commitment fee on predevelopment loans for the initial loan commitment and any subsequent loan increases. The commitment fee is due when the executed loan documents are returned to CEDAC. The borrower may pay the commitment fee by check, or may authorize CEDAC to draw the funds from the CEDAC loan commitment.

In the event of material changes to the borrower organization or project feasibility, CEDAC reserves the right to suspend loan disbursements. Following suspension, CEDAC will resume disbursements once the borrower has demonstrated organizational viability and/or project feasibility.

### Acquisition Loans

CEDAC uses a standard form of loan documents. CEDAC acquisition loans are evidenced by a promissory note, loan and security agreement, mortgage and security agreement and assignment of leases and rents, UCC-1 financing statement, hazardous materials indemnity agreement, and guarantee (if applicable). A sample acquisition loan [Closing Agenda](#) is available on CEDAC's website.

CEDAC acquisition loans bear a fixed interest rate, although CEDAC reserves the right to amend the interest rate if the borrower requires a maturity date extension.

In general, acquisition loans are fully disbursed at closing, although some funds may remain at CEDAC as a capitalized interest reserve.

CEDAC acquisition loan terms are typically two years, depending on CEDAC's source of capital, and require quarterly interest payments throughout the life of the loan. Upon request, loan terms may be extended at CEDAC's discretion.

Acquisition loans are due and payable at construction closing. Upon borrower's request, CEDAC provides a payoff that documents outstanding principal and accrued interest, with a per diem interest calculation.

CEDAC closes most acquisition loans in-house, generally relying on counsel only for title review, in order to minimize costs to the borrower. As with predevelopment loans, CEDAC uses a standard form of loan documents for acquisition loans. CEDAC engages outside counsel to close unusually complex acquisition loans, and to review borrower-proposed changes to CEDAC's loan documents. CEDAC also engages an appraiser for acquisition loans, and will occasionally hire third party consultants for technical support. For example, CEDAC may engage a Licensed Site Professional (LSP) to review a complicated environmental study, if warranted. All costs for counsel and outside consultants will be borne by the borrower.

CEDAC charges a 1% commitment fee for acquisition loans, with half due when the borrower signs the commitment letter, and the other half due at closing or after 6 months, whichever occurs first.

## General

### *Disclosures*

Borrowers are required to prepare and attach to the Loan Agreement schedules disclosing any pending legal actions and any conflicts of interest.

### *Electronic Delivery of Loan Documents*

Beginning in 2017, all new CEDAC development assistance loan agreements contain special “electronic delivery” language, which allow borrowers to return loan documents (except for the promissory note and any documents to be recorded), certifications, and funding requisitions electronically. Loan agreements that do not contain this electronic delivery language may be amended upon borrower request.

## **9. DEVELOPMENT TEAM SELECTION GUIDELINES**

CEDAC staff must determine that an organization has the capacity to carry forward the development project through the use of staff and/or consultants. Borrowers should be prepared to detail the experience of each team member, particularly with regards to completing projects of a similar size, scale and complexity and experience with the Commonwealth’s funding sources. It is expected that a borrower will solicit proposals from multiple candidates, interview and check references of potential team members.

### MBE/WBE Policy

CEDAC strongly encourages Borrowers to prioritize hiring Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) and a section of the predevelopment application is devoted to this topic. Please see the Massachusetts Supplier Diversity Office for a [directory of certified businesses](#). Please note that CEDAC’s standard loan agreement stipulates in Section 5. Affirmative Covenants, that the Borrower will “Use all best efforts to obtain at least five percent (5%) of the value of all construction, goods and professional services, procured in connection with the Project from minority business enterprises and women business enterprises certified by the state Supplier Diversity Office (SDO) pursuant to [Executive Order 565](#), and furnish to CEDAC such reports as CEDAC may reasonably request evidencing the affirmative steps taken by the Borrower to identify and procure goods or services from such enterprises.” With Executive Order 565, the Commonwealth placed additional priorities on hiring for veteran-owned, disability-owned, and LGBT-owned enterprises. CEDAC welcomes Borrowers to include in their development team plan any efforts they are making to reach out to businesses in these categories.