

Amplify Predevelopment Loan Program

Date

Proposed Term Sheet for Developer Entity and Controlling Individuals

This summary Term Sheet is provided for discussion purposes only and does not constitute a commitment. The terms contained herein are of a summary nature and are not all-inclusive. For more information, see [Program Guidelines](#).

PURPOSE:	<p>The Amplify Predevelopment Loan Program (“Amplify”) offers predevelopment loans and on-going technical assistance designed to break down traditional barriers of entry into the real estate development market. Loans are offered by CEDAC with funding support from MassHousing.</p> <p>Amplify is designed to support and grow the capacity of small for-profit residential real estate developers (referred to below as Developer Entities) with some prior experience that are actively engaged in pursuing at least one new eligible project in Massachusetts in an eligible geography but lack access to predevelopment capital. By supporting these Developer Entities, Amplify also intends to expand the housing supply in Massachusetts, including low- and moderate-income housing.</p>
ELIGIBLE DEVELOPER ENTITY:	<ul style="list-style-type: none">• At least one Controlling Individual (minimum 30% ownership interest) in the Developer Entity must meet the definition of Socially Disadvantaged per the Program Guidelines.• The Developer Entity and all Controlling Individuals must collectively meet the definition of Economically Disadvantaged:<ul style="list-style-type: none">• Combined liquidity not more than \$2,000,000• Combined net worth not more than \$15,000,000• Demonstrated minimum experience in development of residential or mixed-use residential/commercial real estate demonstrated by any of the following:<ul style="list-style-type: none">○ at least one residential development of at least 5 units or mixed-use residential/commercial development of at least 4 residential units and at least one commercial unit; or○ at least three residential or mixed-use residential/commercial developments of 2 or more units; or○ at least 10 single-family homes.• If not based in Massachusetts, must currently own at least 3 housing units in Massachusetts.• Demonstrated financial strength of Developer Entity and Controlling Individuals based on analysis of tax returns, business and/or personal financial statements.
ELIGIBLE USES:	<p>Third-party costs associated with initial feasibility and market studies; architectural and engineering services; legal services; development consultant services; the costs of survey, environmental, testing and appraisals; application fees; and related project expenses.</p>

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ELIGIBLE DEVELOPMENTS:	<p>The specific development that will be funded with an Amplify Predevelopment Loan must meet all the following criteria:</p> <ul style="list-style-type: none"> • Multi-unit residential rental or ownership development of 3 to 50 units. May be new construction, rehabilitation, or adaptive reuse, including development of 3 or more single family homes. May be mixed-use properties with both residential and commercial components. • Site control at time of application • Minimum affordability: The initial rent or sales price, as applicable, for at least one unit or 10% of the units, whichever is larger, must be affordable to households with incomes at or below 100% of area median income (“AMI”), adjusted for household size. • Located within an Eligible Geography, defined as: <ul style="list-style-type: none"> (a) any of the following Massachusetts cities and towns: Attleboro, Barnstable, Boston, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Framingham, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Randolph, Revere, Salem, Springfield, Taunton, Westfield, and Worcester. (b) Any HUD Qualified Census Tract (QCT) in Massachusetts, whether or not located in one of the cities and towns listed above. Information about HUD Qualified Census Tracts in Massachusetts can be found here: HUD QCTs.
LOAN AMOUNT:	Initial loan up to \$250,000. Incremental increases are possible up to \$500,000 (capped at \$50,000 per unit) upon achieving project milestones. Loan amounts will vary based on project status and Developer Entity capacity.
LOAN TERM:	No more than two (2) years. Repayment due at the closing of construction financing or contribution of public or private equity, whichever comes first.
RECOURSE & GUARANTEES:	Fully recourse. Controlling Individuals must provide personal guarantees. Additional guarantees may be required.
INTEREST RATE:	7% simple interest. Rate may be increased and repayment accelerated for delinquency or noncompliance, per Program Guidelines.
FEES:	<p>Application fee equal to 1% of the loan amount due at the time of loan application. Fee is refundable if the application is not approved.</p> <p>Developer Entity to pay all legal and 3rd party costs. Amplify Predevelopment Loan proceeds cannot be used to reimburse the application/loan fee.</p>
SECURITY:	CEDAC may also require security in the form of a mortgage on the property, assignment of leases and rents, or additional collateral.
REPAYMENT:	A Developer Entity must demonstrate a feasible plan for completion of the development including repayment of the Amplify loans at construction closing. Loans may be prepaid at any time without penalty.