CEDAC | Community Economic Development Assistance Corporation

TERMS AND CONDITIONS

Predevelopment Loan Program

These terms and conditions apply to CEDAC's Predevelopment Loans and Site Control Loans

General Terms and Conditions

Eligible Borrowers	Non-profit developers; community development corporations; limited equity cooperatives; public agencies, including public housing authorities; and joint ventures controlled by a non-profit partner.
Eligible Uses	Predevelopment costs, including 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.
Interest	CEDAC's predevelopment interest rate is 7%. Simple interest accrues based on the date and amount disbursed. Interest is deferred until repayment.
Term of Loan	CEDAC Predevelopment Loans do not have fixed terms. Principal and accrued interest are due at the closing of construction/permanent financing. Site Control Loans are due at the time of acquisition of the property. There is no prepayment penalty.
Security	If a CEDAC borrower or development entity owns or acquires the property at any point during the term of the loan, CEDAC reserves the right to take a mortgage on the property.
Commitment Fee	CEDAC loan commitments are charged a 1% commitment fee, which may be paid via check, ACH, wire transfer, or as the first draw from CEDAC's predevelopment loan.

Loan Documentation

Commitment Letter	This letter indicates the amount authorized by CEDAC's Board of Directors that may be drawn for the project. The letter also specifies any special conditions pertaining to the commitment. CEDAC loan commitments expire after six months if the loan documents have not been returned.

Loan Agreement

CEDAC has a standard loan agreement form, which is used regardless of whether CEDAC makes a Predevelopment Loan or a Site Control Loan. To streamline the 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. This master loan agreement is designed to be easily amended to cover anticipated subsequent CEDAC loan commitments to the borrower for the same project.

Promissory Note

The promissory note is the evidence of indebtedness.

Clerk Certificate

The board of directors of the borrowing organization must authorize the borrowing of these funds, as well as the granting of mortgages if applicable, and must authorize an individual to sign the documents with CEDAC on the borrower's behalf. CEDAC supplies a Certificate of Borrower's Clerk that reflects the form these votes should take. In order to reduce borrower's transaction costs, the certificate authorizes borrowing up to the initial loan limit, which may exceed the amount authorized.

Development Entity

If, prior to or during the term of the predevelopment loan, a separate development entity is formed which will receive the construction/ permanent financing, then that entity must execute the Development Entity Documents and guarantee payment of the loan.

Other Documentation

a) A certificate by the organization's Treasurer stating that the organization has filed all tax returns required under Massachusetts General Law and paid all taxes due or assessed to date OR a Certificate of Tax Good Standing from the Department of Revenue;

b) Current copies of the organization's Articles of Organization and By-laws;

c) A certification by the Borrower's Board of Directors Clerk that the copies of the Articles of Organization and By-laws are true and correct; and that the organization is in good standing with the Secretary of State. All Clerk certifications are included in CEDAC's standard Certificate of Borrower's Clerk.

d) CEDAC may require an Opinion of Borrower's Counsel.

Loan Increases

If CEDAC's Board of Directors approves an increase in the amount it has authorized on behalf of the project, CEDAC will prepare a Loan Increase Commitment Letter. The letter revises the Budget and Uses of Funds chart contained in Exhibit A of the Loan Agreement, and serves functionally as a loan amendment. If the loan amount authorized is greater than the maximum loan amount indicated in the original loan documents, then CEDAC will also prepare an Amended and Restated Promissory Note and a new Clerk's Certificate.

Disbursements

Borrowers may request disbursement of Predevelopment Loan funds as frequently as every two weeks during CEDAC's regular AP cycles. Detailed invoicing instructions are available on CEDAC's website. Requisition packages include a cover letter, requisition spreadsheet with borrower certification, and invoice backup. CEDAC project managers review and approve all disbursement requests and may approve changes to predevelopment line items.

Last updated 7/27/2026