Alameda County Housing and Community Development
Key Loan Terms

These are the County's key loan terms as of October 30, 2016 and do not represent all requirements of County funding. For additional details, please see our Policies and Procedures, Request for Proposals and Loan Documents, which include the following:

Loan Documents:
- Contract (must be approved at a Board of Supervisors meeting)
- Loan Agreement
- Regulatory Agreement
- Promissory Note
- Deed of Trust
- Subordination Agreement(s) (as applicable)

Term	59 years (can be reduced to 55 years in tax credit projects upon approval of a letter provided by borrower's counsel justifying the reduction to 55 years) from the date of initial occupancy, which can be set by either the Certificate of Occupancy or by the closeout report.
Interest Rate	3% simple interest, owed as of the date of disbursement.
Payments	1.) The County loan may be amortized over a 59 year period, with equal payments; or 2.) The County HCD loan may be repaid through a proportionate share of residual receipts. The County may allow the General Partner of the borrower partnership to retain up to 50% of the residual receipts as an "Incentive Management Fee", but may restrict this to only 25% if there are many soft lenders sharing repayment from residual receipts. Should the Partnership Agreement not allow the GP to keep the full amount of the Incentive Management Fee, the County will require that the amount of the soft lender share of residual receipts be increased to capture those funds.
Security	Deed of Trust recorded against fee title or leasehold interest
Regulatory Agreement	The County Regulatory Agreement must be recorded against the fee interest on the property and in senior lien position to bank loan documents. The County Regulatory Agreement includes a prohibition against discrimination based on the source of a tenant's income.
Income Restrictions	The number of units restricted is determined by the amount of the County loan and type of funds. In general, all of the County's units will be restricted at 50% or below Area Median Income, with exceptions granted based on feasibility. The County Regulatory Agreement includes language that requires acceptance of rental assistance programs like Shelter Plus Care and Section 8 Vouchers.
Rent Increases	Rent increases are subject to the requirements of the funding source(s) invested in the project. Rent may be increased by not more than 5%

	annually (unless approved in writing by the Housing Director in advance of the increase).
4% MFMR Bond Projects	In any project funded by Alameda County Housing and Community Development, the County will be the issuer of the Bonds, unless the Housing Director approves another local jurisdiction as the issuer instead.
Replacement Reserve	0.6% of the replacement cost of the structure annually, up to $600 per unit for family developments and $500 per unit for senior developments
Operating Reserve	At least 2% of the gross rental income must be capitalized on a monthly basis until the reserve reaches an amount equal to 6 months of operating expenses. A larger deposit is encouraged.
Developer Fees	10% of total development costs up to a maximum of $2,000,000 (subject to County negotiations and state law regarding developer fees in 4% tax credit projects)
Retention	$50,000 of the County loan funds must be allocated toward the developer fee and held as a performance retention, to be paid upon completion of construction and delivery of close out items
Asset/Partnership Management Fees	Combined $25,000 limit with no escalator; unpaid fees do not accrue; any fees above this amount or escalators must come from borrower's 50% Incentive Management Fee
Monitoring Fees	The County will charge a monitoring fee for each HCD restricted unit. The current fee is $300 per County-restricted unit per year
Insurance	1. Workers Compensation: to the extent required by law, including Employer's Liability coverage, at least $1,000,000 each accident 2. Commercial General Liability: $2,000,000 per occurrence 3. Commercial Automobile Liability: $1,000,000 per occurrence 4. Builder's Risk/Property: 100% of property replacement value 5. Commercial Crime: covering all officers and employees, for loss of County loan proceeds caused by dishonesty *Borrower must ensure that any general contractor or subcontractors maintain the insurance in #1-3 in the amount of $1,000,000 each * Commercial General Liability and Automobile Liability insurance policies must be endorsed to name as an additional insured the County, and its officers, agents, employees and members of the County Board of Supervisors.
Records	Records must be maintained for at least 5 years from their creation, or such longer period as required by applicable regulations
Reports	Quarterly progress reports are required during construction; Annual Reports required (within 180 days of the end of the fiscal year) for the term of the loan
Change Orders	Construction change orders are subject to the County's approval

Subcontracts	Contractor must submit proof that subcontractors are not debarred prior to construction loan closing. County requires competitive bidding for all subcontractors (but not for professional service contracts).
Construction Contingency	***New Construction***: 10% [10% required at initial application, but can drop down to 5% remaining after construction bids are known] ***Rehab***: 15%
Hiring	The County's loan may trigger Davis Bacon and/or Prevailing Wages, and First Source requirements may be triggered. If Borrower or its contractors and subcontractors create jobs due to the procurement of the County contract, they must follow certain requirements that are detailed in the County contract (i.e. First Source Program requirements and Federal Section 3 requirements)
Subordination	County will not accept standstill provisions or enter a standstill agreement request by senior lenders that prohibits the County from exercising remedies during a specified period after a default
County Costs	Borrower (or Project) to pay for required 3rd party environmental review (NEPA/CEQA), County's Legal costs associated with development and execution of project legal documents, wage monitoring associated with the project, and construction management costs associated with overseeing the progress of construction.