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WORKING CAPITAL LINE OF CREDIT PILOT PROGRAM

This program provides housing developers with working capital lines of credit of up to \$500,000 to help them expand their affordable housing development efforts. The lines are available on an unsecured, recourse basis to qualified organizations with a one-year renewable draw period and a two year term.

Summary of Terms

Eligible Borrowers:	Development organizations with significant affordable housing development opportunities requiring increased working capital. Borrowers must demonstrate strong balance sheets, superior financial management capabilities, and several identified repayment sources.
Use of Funds:	Proceeds must be substantially used to promote the development of affordable housing
Program Funding Limit:	\$5,000,000
Available Credit Line:	Up to \$500,000 per organization; minimum line of \$50,000
Security:	Promissory Note and Loan and Security Agreement from the borrower
Recourse:	Full recourse to the borrower.
Interest Rate:	Prime minus 1%, floating. Interest only, payable monthly.
Draw Period:	The credit line may be drawn in one or more portions during the 12 month period commencing on the closing date. The borrower may request one 12-month extension of the Draw Period a minimum of 45 days prior to the end of the Draw Period; however, the line must be repaid in full by the Maturity Date.
Maturity Date:	Two years from the closing date.
Draw Requirements:	Minimum draw size of the greater of 5% of the credit line or \$10,000; 3 free draws per year, \$250 fee for each additional draw; draw requests must be at least seven (7) business days prior to the draw date.

Fees:	Application fee of \$250; commitment fee of 1/2% of the total credit line, Closing Legal Fee of \$500. 12 month extension fee of 1/2% if extended.
Covenants:	The borrowers' covenants shall generally include, but not be limited to, the following:
Reporting Requirements:	The borrower shall submit annual audited financial statements within 120 days after the end of the borrower's fiscal year, quarterly operating statements certified by the chief financial officer or other person with knowledge and authority within 30 days of the end of each fiscal quarter; a quarterly statement signed by the CEO that the borrower is in compliance with all loan covenants, and such other reports as MHP deems necessary.
Financial Covenants:	The borrower will be required to maintain a current ratio (current assets/current liabilities) of at least 1.0x, a total debt to total net worth (TD/TNW) ratio of no more than 3.5x (excluding soft debt), and a minimum liquidity level as determined by MHP. The minimum liquidity will be set at not less than one average month of the organization's operating expenses with liquidity calculated as the total of unrestricted cash and available credit lines(s).
Draw Certificate:	Each draw request will be accompanied by a certification by the CEO that (i) there has been no material adverse change in the borrower's financial condition since the borrower's application for the line of credit, (ii) that the purpose of the draw is consistent with the application, (iii) that the expected source of repayment is as stated in the application, and (iv) all obligations of the borrower and its affiliates to MHP are current. MHP may decline draw requests based on its judgment with regard to the above.