

[insert date]

_____, Chair
[insert address]

RE: Conditional Funding Reservation for _____ (the "Project")

Dear _____:

On behalf of the Board of Trustees, I am pleased to inform you that the Board has approved a Conditional Funding Reservation of not more than \$_____ of Trust funds for a grant to the Project, subject to the terms and conditions stated herein. If all these terms and conditions are satisfied, the grant will be made to the Project owner _____ (the "Owner").

This Conditional Funding Reservation is made in reliance on your funding application submitted to the Trust on _[date]_ See Appendix A for full application as approved.

Eligible Expenses: The Trust funding shall be used towards [acquisition, pre-development, or construction] at the Project further defined as [rental/homeownership] units for occupancy by households whose gross annual household income does not exceed [xx] percent of area median income, adjusted for household size.

The Project must proceed to a financial closing by _____ or this Conditional Funding Reservation will expire. In order to extend the Reservation, the Owner must submit an updated funding application, which highlights the cause for delay and significant changes to the Project. The Board will then reconsider the application and extend, amend, or cancel the Funding Reservation.

Terms and Conditions

1. The Project will consist of [#] rental units with a total of [#] bedrooms. Units will be set aside based on the following affordability guidelines:
___ units set aside for tenants at ___% of area median income (AMI)
___ units set aside for tenants at ___% of AMI
2. These units will carry a permanent affordability deed restriction and will count on the state's Subsidized Housing Inventory.
3. Preference will be given to the following tenant group(s): _____

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Disbursement

The Board will use the same documentation used by the construction lender to verify work and make disbursements to the Project. Please ensure this documentation is provided with disbursement requests. Disbursements will be in five (5) equal amounts as follows:

1. at time of first construction loan payment
2. at or about 25% construction completion
3. at or about 50% construction completion
4. at or about 75% construction completion
5. at 100% construction completion

Prior to the first disbursement, please provide the Board with entity, account, and wiring information as needed. Requests for disbursements should be sent to:

| [insert address]

If the terms and conditions are acceptable, please indicate by signing below and returning the signed Conditional Funding Reservation. If you have any questions or concerns about the commitment letter, please contact [insert contact information].

Sincerely

Chair, Board of Trustees

Approved and accepted: _____ Date: _____
[insert title]