Live Local Development Fund

Loan Policy

Approved by Live Local Development Fund Loan Committee

January 5, 2024

TABLE OF CONTENTS

I. Definitions

"**ALL**" is allowance for loan losses which is a valuation reserve in the amount of the estimate of uncollectible loan amounts.

"**AGR**" is the annual grade review performed by the Operations Team to assess a Loan's current financial position.

"**Borrower**" is any person or entity who applies for or receives a Loan.

"**CAMELS**" is Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity.

"**CMI**" is the median income for the county in which the Project is located, as stated in the WHEDA Low-Income Housing Tax Credit Income & Rents Limits.

"**DCD**" is the Director of Community Development of Thrive ED.

"**Debt Service**" is the sum of the aggregate amount of indebtedness payments of principal and Interest Expense required by contract or otherwise to be paid by Borrower during a given fiscal year.

"**Debt Service Coverage Ratio**" is the ratio of Borrower's EBITDA to Debt Service for a given fiscal year.

"**EBITDA**" is, for a given fiscal year, a Borrower's Net Income and all amounts deducted in arriving at such Net Income amount in respect of Interest Expense, federal, state and local income taxes, and depreciation and amortization expense.

"**Founding Investors**" are (i) the Greater Watertown Community Health Foundation, Inc., (ii) Jefferson County, Wisconsin and (iii) any other party designated as such by the LLDF.

"**GAAP**" is generally accepted accounting principles.

"**Greater Jefferson County**" is Jefferson County, Wisconsin, the entire city limits of Watertown, Wisconsin and Whitewater, Wisconsin and the entire village limits of Cambridge, Wisconsin.

"**Interest Expense**" is, for a fiscal year, the sum of all interest payments owed by the Borrower for such period.

"**Loan**" is a loan made by Thrive ED to a Borrower for a Project.

"**Loan Policy**" is this Live Local Development Fund Loan Policy.

"**LLDF**" is the Live Local Development Fund.

"**<u>LLDFLC</u>**" is the Live Local Development Fund Loan Committee.

"**<u>Net Income</u>**" is, for a fiscal year, the net income or loss of the Borrower, excluding any nonrecurring income during such period and any taxes on such nonrecurring income.

"**<u>Operations Team</u>**" is the President, DCD, a third-party service provider providing Loan underwriting services and any other person or party deemed necessary by the President or the LLDFLC to facilitate the operations of the LLDF.

"**<u>President</u>**" is the President of Thrive ED.

"**<u>Project</u>**" is a housing development or redevelopment in Greater Jefferson County that may be financed in part by a Loan.

"**<u>SOFR</u>**" is the forward-looking one-month Secured Overnight Financing Rate administered by CME Group Benchmark Administration Limited (or any successor administrator satisfactory to LLDFLC) and published on the applicable Bloomberg LP website screen page or other commercially available source providing such quotations as designated by LLDF from time to time.

"**<u>Supermajority</u>**" means at least two-thirds (2/3).

"**<u>Thrive ED</u>**" is Glacial Heritage Development Partnership, Inc. d/b/a Thrive Economic Development.

"**<u>WHEDA</u>**" is Wisconsin Housing and Economic Development Authority.

II. <u>Mission and Objectives</u>

The vision of LLDF is to lead the change necessary to support economic growth in Greater Jefferson County to drive healthy, thriving, and growing communities. To execute this vision, LLDF's mission is to engage public and private sectors to attract and support business growth that ultimately benefits the residents and communities in the Greater Jefferson County area.

Thrive ED established the LLDF with the vision that everyone who works in Greater Jefferson County should be able to live there too. The LLDF's mission is to increase the availability of attainable housing and build 500 new housing units across Greater Jefferson County by 2029.

The primary purpose of the LLDF is to provide financial support to Borrowers and Projects that increase the number of attainable housing units in the Greater Jefferson County area.

Safe and Sound Operations

Lending directly to Borrowers, such as real estate developers, to support the construction of Projects, is a new business activity for LLDF. As such, LLDF's lending approval process, loan administration functions, and loan portfolio monitoring present a risk to LLDF's financial sustainability. Whether due to improper credit standards, organizational management, borrower malfeasance, or weakness in the economy, loan portfolio problems can potentially impact LLDF's reputation and ability to provide future financing solutions.

This Loan Policy is written from the perspective of providing guidance and direction regarding the LLDF's lending activities and mission objectives. LLDF's loan policy outlines the process by which inherent lending and credit process risks are managed and controlled. Furthermore, this Loan Policy provides guidance to identify and avoid risks, minimizing any impact or potential impact of those problems.

LLDF acknowledges that its loan policy must be consistent, relevant, and flexible. This Loan Policy is a living document that is reviewed and periodically updated to adapt to market conditions, Borrower needs, strategic objectives, and available resources.

To further support safe and sound operations and as evidence of their commitment and support of LLDF's mission, Founding Investors, the Greater Watertown Community Health Foundation at $2,000,000 and Jefferson County at $1,000,000, may subordinate their initial combined investment of $3,000,000 to other lenders and investors to the LLDF, subject to certain geographic, regulatory, and policy restrictions.

Confidentiality

LLDF staff, consultants, partnering organizations, and the LLDFLC members recognize that the information collected to underwrite and manage a loan is confidential in nature. Therefore, any distribution of material, correspondence, loan memoranda, etc., will be done only as needed in the course of business relative to the LLDF. Confidentiality agreements will be executed in advance where appropriate. Furthermore, LLDFLC members will not discuss the status of the loan with anyone, other than those involved in underwriting or approving the loan. This restriction includes potential Borrowers, loans in underwriting, loans that will be presented to the LLDFLC, and the outcome of LLDFLC discussions.

III. Lending Area and Concentration Limitations

LLDF is dedicated to working toward prosperity in Greater Jefferson County and removing barriers for businesses and residents. LLDF will evaluate opportunities outside of Greater Jefferson County on a case-by-case basis.

To avoid over-concentration, no individual Borrower will be loaned amounts totaling more than 25% of the aggregate amount of all outstanding Loans at a given time, unless an exception is granted by the LLDFLC (See Section IV below).

The amount of the Loan depends on the availability of funds in the LLDF and a specific Project's funding gap but will not at any time exceed a maximum award of $25,000/unit.

IV. Eligible Borrowers and Prioritization

All public, private, and not-for-profit real estate developers are eligible to apply for a Loan.

To be eligible for a Loan, a Borrower must demonstrate all of the following:

- Project is financially viable and Borrower has the economic ability to repay the Loan;
- A funding gap persists that meets the following criteria:
    - Project's funding gap will not at any time exceed $25,000/unit; and
    - With the Loan, the funding gap is fully closed and the Project can advance to financial transaction closing and construction commencement
- All other possible funding sources have been fully explored and exhausted as demonstrated and evidenced by term sheets or letters of interest, to the extent available;
- The Loan will be used as the last financing source for the Project; and
- Borrower will have site control of the land to be developed by the time of closing.

Applications from eligible Borrowers will be reviewed on an ongoing basis and considered based on 1) readiness for the Project to proceed with gap financing offered under the terms and conditions of the LLDF and 2) speed to market.

Priority without limitation will be given to the following factors:

- But for the Loan, the Project would likely not go forward at the pace or scale desired by the community in which it is located.
- The Project meets the housing needs of Greater Jefferson County.
    - The Project offers multi-family or single-family housing within Greater Jefferson County that is attainable to the workforce and community; and
    - The Project offers significant numbers of units (the more units, the higher the priority).
- Projects requiring less than $25,000/unit to fill a funding gap will result in higher prioritization for the LLDF.
- The Borrower has committed a reasonable amount of their own capital, and/or other credit enhancements, given the nature, scope and complexity of the Project.
- Amount of Loan per unit (the lower the amount per unit needed to close the gap, the higher the priority).
- Length of Loan term (the shorter the loan term, the higher the priority).
- Number of funding sources (the more funding sources, the higher the priority).
- Targeted unit mix with % set aside for income levels as a % of CMI.

- Debt Service Coverage Ratio.
- Project to be built to sustainable/green home standards that are verifiable and auditable.

Projects will be scored with points assigned to priority factors as described below.

Priority Scoring Matrix			
Project offers significant number of units: the more units, the higher the priority	1 point for every 20 units up to 5 points		
Funding			
Loan amount per unit	3 points if less than, or equal to $15,000 per unit	2 points if greater than $15,000 but less than or equal to $17,500 per unit	1 point if greater than $17,500 but less than or equal to $20,000 per unit*
Loan term length	3 points if 3 years or less	2 points if 4-5 years	1 point if 6-7 years**
Number of funding sources (i.e., Energy Tax Credits, NMTC's, PACE, TIF, CDI grant, LIHTC etc.)	1 point awarded for each funding source up to 5 points		
Borrower cash equity into the Project, including deferred developer fee	3 points if 25% or greater	2 points if at least 10% but less than 25%	1 point if at least 5% but less than 10%
Project to be built to sustainable/green home standards that are verifiable and auditable	2 points if yes, 0 if no		
Targeted unit mix	3 points if 80% set aside for those making no more than 80% of CMI	2 points if 70% set aside for those making no more than 80% of CMI	1 point if 60% set aside for those making no more than 80% of CMI
Debt Service Coverage Ratio	3 points if Debt Service Coverage Ratio is 1.35:1.00 or higher	2 points if Debt Service Coverage Ratio is 1.25:1.00 or higher but less than 1.35:1.00	1 point if Debt Service Coverage Ratio is 1.15:1.00 or higher but less than 1.25:1.00***

* No points are awarded for Loans with an amount per unit over $20,000.

** No points are awarded for Loans with a term beyond 7 years.

*** No points are awarded for Loans with a Debt Service Coverage Ratio lower than 1.15:1.00.

V. Live Local Development Fund Loan Committee (LLDFLC)

Purpose

The LLDFLC is appointed by the President, subject to confirmation by a supermajority of the Founding Investors, to manage the following:

- Loan policies and procedures consistent with the mission and the LLDF;
- Approval of underwriting policies, concentration limits and administration of the LLDF and related loans; and
- Oversight of the credit and lending activities of LLDF, including adhering to the mission and this Loan Policy.

Composition

The LLDFLC shall have at least four members including a representative of each of the Founding Investors, and one or more members consisting of the following or any combination thereof:

- a representative of a state or regional economic development organization,
- a representative of a financial institution,
- a representative of an accounting firm, or
- any other professional with experience in finance, real estate, housing or any other area deemed necessary or beneficial to have on the LLDFLC.

Authorities and Responsibilities

The LLDFLC will have the authority, with a Supermajority vote, to:

- Develop and amend loan policies and procedures as needed;
- Approve underwriting polices and loan concentration limits;
- Review and consider new loan products that meet the needs of Borrowers;
- Review and oversee the performance of the LLDF, loan delinquency, and credit risk; and
- Grant exceptions to the Loan Policy.

The LLDFLC will have the authority, given a simple majority vote, to:

- Review and approve or reject a loan application presented by management or the Operations Team; and
- Review and approve or reject loan modifications and extensions.

Electronic voting on matters before the LLDFLC is permitted.

Frequency of Meetings

The LLDFLC may be called at any time for any purpose by the President or by any two members of the LLFDLC on an ad hoc basis.

Where possible, staff will provide meeting confirmations or cancellations a minimum of three business days in advance of the meeting to all attending members. Relevant materials, such as an agenda, loan packages or loan performance reporting, will be delivered no later than three business days in advance of regularly scheduled meetings.

VI. Operations Team

Purpose

The purpose of the Operations Team is to manage borrower applications, including the pro forma. The Operations Team is responsible for credit administration functions related to lending activities. The Operations Team will do its best to ensure that the overall loan structure, terms, and servicing requirements conform to and comply with LLDF's policies and credit requirements.

Responsibilities

- Promote the LLDF;
- Assess Borrower eligibility for a Loan;
- Score eligible Borrower applications using priority scoring matrix under Section IV of Loan Policy;
- Draft Thrive ED's loan policies and procedures for review and acceptance by LLDFLC;
- Develop recommendations regarding new/additional loan products;
- Report and advise on the LLDF portfolio performance and related liquidity;
- Maintain Loan and credit files;
- Advise LLDFLC on potential Loan modifications;
- Administer, monitor, close and fund Loan transactions;
    - Processing all billing and payments,
    - Processing all payoff calculations,
    - Reviewing and coordinating loan draws with the applicable title company and/or legal counsel representing the LLDF,
    - Tracking exceptions for required documents,
    - Tracking collateral,
    - Maintaining credit file which includes,
        - Loan applications,
        - Underwriting documentation/third party reports,
        - Memos to file,
        - Key correspondence,
        - Inspection reports (if applicable),

    - Funding/advance documentation;
- Perform AGRs;
- Notify LLDFLC of proposed risk rating adjustments for consideration;
- Make recommendations regarding non-accrual status for Loans;
- If LLDFLC decides to foreclose or otherwise liquidate the collateral, seek legal advice and retain legal counsel;
- Estimate loan losses in accordance with GAAP; and
- Any other services necessary to carry out the mission and LLDF objectives.

President or DCD will present loan application and advocate on behalf of Loan applicants.

The Operations Team will underwrite Loan applications and will present findings to LLDFLC for consideration.

Any and all underwriting staff recommendations for exceptions to Loan Policy, or changes in Borrower agreements, must be noted on the Loan request prepared by underwriting staff and then presented as exceptions for consideration by the LLDFLC for approval.

VII. Lending

The purpose of the LLDF is to support new residential housing within Greater Jefferson County.

Loan Structure

- Up to $25,000 of financing is available per unit
- Interest rate:
    - If 51% or greater of the Project units are made available to residents earning no more than 80% CMI, targeted interest rates will be SOFR + 1.75% with a minimum rate of 6.5% per annum at the time of loan closing.
    - All other Projects would be offered at targeted interest rates of SOFR + 2.5% with a minimum rate of 7.25% at the time of loan closing.
    - The interest rate on the Loan at the time of closing will be fixed for a minimum period of three years.
    - The interest rate charged to any Borrower may include a minimum 1.00% administration fee to LLDF to cover portfolio underwriting, administration, and maintenance expenses.
    - LLDF reserves the right to change interest rates and related loan terms, as needed with the LLDFLC reviewing loan policy interest rates at least semiannually with consideration given to existing market conditions.
- The Loan will have second collateral position

Loan Conditions

The loan conditions include, without limitation, the following:

- Borrower completing the LLDF application pro forma using assumptions of Project income, expenses and capital stack;
- Borrower providing an independent third-party market study to support that the rent rates, vacancy rates, and number of units proposed would be supported within the proposed market;
- Project financial viability and underwriting determined using CAMELS;
- Other funding sources are secure and/or contingent on Loan approval;
- If applicable, a copy of an executed development agreement is received prior to any disbursement of any Loan proceeds;
- The land proposed for development is under site control of the Borrower with appropriate zoning and infrastructure in place to support the Project;
- All environmental concerns, if they exist, are identified and mitigated, or a mitigation plan has been developed that, when executed, mitigates all environmental concerns, prior to disbursement of funds, in form and substance acceptable to LLDF; and
- Submission of other reasonable information and data generally associated with similar market transactions that may be requested.

VIII. Credit Administration

A robust credit culture is central to the successful deployment and management of the loan portfolio. LLDF has established the Loan Policy to ensure that credit risk is properly managed in a unified, comprehensive, and systematic manner. Credit diligence will be completed to assess the financial viability and strength of Borrowers, organizations, and Projects in order to underwrite to a primary and secondary source of repayment. When and where deemed necessary, secondary and tertiary exit strategies will be developed.

Underwriting

The Loan meets all LLDF underwriting criteria including, without limitation, the following underwriting standards:

- CAMELS (adapted to housing finance underwriting);
- The Project exhibits sustainable cashflow and a minimum Debt Service Coverage Ratio of 1.15;
- Other funding sources are confirmed and legally-binding or solely contingent on Loan approval and these funding sources may include, without limitation, traditional bank loans, subsidized low-interest loans, refundable tax credits, WHEDA assistance, and U.S. Department of Housing and Urban Development assistance; and
- If applicable, a copy of an executed development agreement will be delivered to LLDF prior to the disbursement of any Loan proceeds.

Included in underwriting criteria is an assessment of the following based on an independent third-party market study:

- a gap in needed units,
- appropriate rental rates (for multi-family, rental units), and
- vacancy assumptions or sale price (single-family, homeownership, etc.).

In addition, Borrower must demonstrate and evidence that other sources of funds have been explored and/or secured with term sheets or letters of interest, to the extent available, at the time of application, but under no circumstances later than 60 days prior to closing.

Loan Closing and Administration

At closing, a loan closing fee of 1.00% of the Loan amount will be paid by Borrower to cover out-of-pocket expenses including, without limitation, attorney preparation and review of LLDF loan documents and associated legal documentation, and provided counsel on related items. The fee may be reduced by amount Borrower paid for lender's title insurance policy.

The Operations Team is responsible for the maintenance of loan and credit files and, with the assistance of legal counsel, properly documenting and closing all Loan transactions. Any hard copies of legal documents are required to be housed by LLDF, and its legal counsel, with digital copies of the legal documents maintained.

The Operations Team is responsible for processing and funding all Loans. All funding is performed via Automated Clearing House (ACH) transfers with dual control security procedures.

Loan Renewals, Loan Extensions, and Loan Modifications

When deemed appropriate, the President may make minor changes to the loan that do not amount to material modifications for which decision-making is reserved for the LLDFLC. Such material modifications include changing the loan amount, rate, maturity, collateral and payments. Any such minor changes made by the President should be reported to LLDFLC no later than the next LLDFLC meeting date, or within 90 days, whichever occurs sooner. The President may make these minor changes only if Borrower has demonstrated stable or increased credit strength and is not classified with a risk rating of "Monitored" or "Impaired" (see Risk Grading below). The President cannot make multiple minor changes before reporting the first change to LLDFLC.

The Operations Committee will inform the LLDFLC if changes result from potential performance concerns. Changes where the credit risk is not materially affected, such as closing delays, do not require notice to the LLDFLC.

Risk Grading:

Grade 1.0 – 1.9 / Excellent

Grade 2.0 – 2.9 / Strong

Grade 3.0 – 3.9 / Satisfactory

Grade 4.0 – 4.4 / Monitored

Grade 4.5 – 5.0 / Impaired

Loans with a risk grade of 4.0 or higher are automatically placed on a watch list. Non-bankable or stressed loans shall be reserved or charged off. However, salvage efforts will be undertaken if a recovery is possible.

<u>Loan Renewal</u>

The Operations Team may recommend borrowing additional dollars subject to the approval of the LLDFLC. The Operations Team will re-underwrite the Loan to reevaluate the credit risk for presentation as a new Loan.

<u>Loan Extension</u>

The LLDFLC may continue the force and effect of a previously existing agreement for a new period. Loan extensions are designed to be a short-term change to allow the Borrower additional time for repayment due to an unforeseen but non-material event. To be eligible for an extension, there can be no expected adverse material concerns with the Borrower or the Project during the time of the projected Loan extension.

<u>Loan Restructure</u>

Circumstances may arise where a remedy to a Borrower's default is requested through a long-term change to the Loan repayment schedule, extension of the term of the Loan, or other changes in the Loan terms. If the restructuring of the Loan has material adverse impact on the LLDFLC or Thrive ED, the LLDFLC will be notified by the Operations Team. All material loan modifications and restructuring are to be approved by the LLDFLC at the next meeting.

Portfolio Monitoring

All Loans and their respective risk ratings will be reviewed at least annually or more frequently, whenever there is a material change in a Borrower's financial capacity or condition. A material change can include an adverse event, a downturn in a Project's performance, or favorable trend in a Borrower's financial capacity. The purpose of the AGR is to assess the Loan's current financial performance and affirm, downgrade, or upgrade the most recent risk rating. The AGR is performed by the Operations Team and supporting documents will be properly maintained in accordance with this Loan Policy. Risk rating downgrade changes can be made immediately by the Operations Team and/or the

President and reported to LLDFLC at the next LLDFLC meeting. Risk rating upgrade changes must be submitted for approval to the LLDFLC for approval. Absent any interim changes, the entire portfolio's risk ratings will be evaluated at least once per annum.

Compliance Reporting

Annual Financial Statements

No later than one hundred twenty (120) days after the end of a Borrower's fiscal year, such Borrower and each guarantor (if applicable) are required to provide financial statements (profit and loss, balance sheet, and statement of cashflows) in accordance with GAAP. The LLDF will require Borrower to submit Project operating statements or building specific financials if the Borrower's financials are substantially different than the Project's financials. The Operations Team may waive annual financial statement compliance reporting and accept tax returns in lieu of, or in addition to, such financials when deemed acceptable by the Operations Team.

Access to Records

Borrowers, at their sole expense, shall maintain books, records, documents and other evidence pertinent to the loan agreement in accordance with GAAP or as otherwise agreed to in writing by the Operations Team. The Operations Team, or any of its duly authorized representatives, shall have access, at the sole cost of the Borrower, to such books, documents, papers or any records, including electronic, of Borrower which are pertinent to the Loan and related Loan documents, for the purpose of making audits, examinations, excerpts and transcriptions.

Additional Reporting Items

The Operations Team may request additional reporting items from the Borrower that may include, without limitation: vacancy reports, rent rolls, proof of insurance, certificates of good standing, personal financial statements and tax returns of personal guarantors, business financial statements and tax returns of business guarantors, and other commercial reasonable reporting items associated with similar type transactions in the marketplace. Operations Team will work with the Borrower and apply commercially reasonable efforts to gather these reports in a timely and complete manner. Borrower's inability or unwillingness to provide these reports in a timely and complete manner may become an event of default.

Insurance Requirements

Prior to the initial funding of a loan, LLDF will require a certificate of various insurances with LLDF listed as an additional insured/loss payee. Depending on the Loan size and risks associated with the Project, geographic location, etc., LLDF may require additional coverages. See Exhibit B for the minimum insurance requirements.

IX. Other Policy and Procedures

Placing Loan on Non-Accrual Status

President or the Operations Team will determine whether a Loan should be recommended for non-accrual status and will seek a final determination from the LLDFLC, which can be obtained through a simple majority vote. A Loan may be put on non-accrual when:

- There is a significant deterioration in the financial condition of the Borrower or any guarantor;
- Repayment in full (interest or principal) is not expected; or
- A payment of principal and/or interest is more than 90-days past due.

Foreclosure of Collateral

If foreclosure or other liquidation of the collateral is determined by the LLDFLC to be the best or only course of action, all of the steps listed below, together with others advised by legal counsel, will be considered and/or taken, depending on the circumstances:

- President and the Operations Team will assume responsibility for seeking legal advice and retaining legal counsel for state, or troubled loan, law advice;
- All collateral documentation will be confirmed to be in order (e.g., liens perfected); a lien search for secondary liens on the collateral will be conducted as well as delinquent taxes/utilities and other pending litigation;
- Offset any funds/collateral available to Thrive ED;
- Assess the collateral for value;
- Secure the collateral by taking possession, if allowed by law;
- Determine the fair market value prior to foreclosure action being commenced;
- Updates may be required throughout to process; and
- Ask the court to appoint a receiver for the collateral, depending on the nature of the collateral and the performance of the Borrower.

Allowance for Loan Losses

The LLDFLC shall maintain an ALL in accordance with GAAP. Overall responsibility for the ALL resides with the LLDFLC with guidance regarding policy from the Founding Investors and Operations Team. The ALL should always be adequate to absorb the estimated losses in the LLDF's loan portfolio. The President and/or the Operations Team will be accountable for estimating loan losses in accordance with GAAP for the general allowance. For the purpose of evaluating the adequacy of the ALL, the President and the Operations Team shall consider all outstanding loans and binding commitments to lend and other credit related exposures. In addition, if not provided for elsewhere, the ALL will include a provision for inherent losses and other credit related exposures arising from uncollectible accrued interest on loans.

An effective loan review system and loan rating system with controls that identify, monitor, and address asset quality problems in a timely manner is essential to the calculation of an adequate reserve. The loan review systems and controls must be responsive to changes in internal and external factors affecting the level of credit risk and ensuring the timely charge-off of loans, or portions of loans, for which a loss has been confirmed.

The LLDFLC will be responsible for ensuring there is adequate documentation for the procedures for determining the level of the ALL, including analysis of all significant factors affecting the collectability of the portfolio.

X. Appendix and Exhibits

Exhibit A: Requirements for prospective Borrowers

Borrowers are responsible for providing the Operations Team with information and diligence requests on a required basis including, without limitation, the items identified in the application checklist below:

Application checklist

1. Complete LLDF loan application using the LLDF Project pro forma template
2. Project narrative
3. Three years of annual financial statements of Borrower and, if appropriate, tax returns of Borrower for the past three years
4. Three years of annual financial statements of any individual or business guarantor and, if appropriate, tax returns for the past three years of any individual or business guarantor
5. Financial projections for the Project for a 10-, 15- or 20-year period as appropriate for the Project
6. Project budget and timeline
7. Unit mix, including square footage, anticipated rents, and any tenant income restrictions and applicable maximum rents
8. Environmental reports: Phase I, Phase II, if applicable (prior to closing)
9. Evidence of site control: A signed and accepted copy of an option, an unexpired contract for purchase, or a copy of the deed if title has already been transferred. Terms of the sale (e.g., price, seller financing) should be specified.
10. An independent third-party market study to support that the rent rates, vacancy rates, and number of units proposed would be supported
11. Adequate insurance coverage for liability, hazard, worker's compensation, and flood (if located in special flood hazard area)
12. Certificates of formation/good standing (taxes)
13. Invoice and payment instructions;

14. Adequate capital, and/or credit enhancements, from the Borrower, given the nature, scope, and complexity of the Project
15. Transparent, verifiable, identification of all capital and debt sources for the Project, and their related terms and conditions

When possible, the LLDF will attempt to match the reporting, financial and due diligence requirements of the senior lender.

Exhibit B: Insurance Requirements

LLDF will require each Borrower to maintain insurance coverage through the duration of the loan agreement. Borrowers are required to show proof of the following insurance coverage in forms and amounts acceptable to LLDF:

1. Property insurance in an amount sufficient to meet all liabilities
2. Flood insurance (if applicable)
3. Commercial general liability insurance
    a. Minimum $1 million per occurrence
4. Worker's compensation and employee liability insurance
5. Lender's title insurance

When possible, the LLDF will attempt to match the insurance requirements of the senior lender.