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**Redevelopment
Division**

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February 2, 2011

John Clem
Lemoore Housing Investors, L.P.
414 West 4th Street, Suite L
Santa Ana, CA 92701

Re: Redevelopment Agency Loan Reservation
Oleander Terrace, 66-Unit Multi-Family Development
Lemoore, California

Dear Mr. Clem,

We are pleased to inform you that the Lemoore Redevelopment Agency has approved your request that the Agency reserve \$750,000 of loan funding for the subject project, subject to the conditions stated in this letter. The loan will be originated from the Agency's Low-Moderate Income Housing Fund. Unless the loan has been funded or the funding reservation has been extended by the Agency, the loan reservation shall expire on December 31, 2011. The Agency loan shall:

1. Bear interest rate of 3% per year;
2. Have a term of 360 months, with all unpaid principal and interest due and payable in full at the end of the 360-month term;
3. Utilize a 660-month amortization schedule;
4. Be subordinate only to secured indebtedness approved by the Agency and used to finance construction or operation of the project;
5. Be repaid from 50% of the project's residual receipts; and
6. Provide that any unpaid interest shall be added to the principal amount due.

The loan and the project shall conform with the Agency's standard affordable housing lending policies and practices, which among other things, include higher code enforcement and property maintenance standards, the Agency's approval of residential leases, limits the total developer fees (including any deferred fees) to the tax credit eligible basis amount and increases the amount of developer fees that are deferred.

Furthermore, loan reservation is expressly conditioned upon your successful application for and receipt of housing tax credits and all other financing sources. The Agency will require proof of award from the California Tax Credit Allocation Committee prior to any further processing of your loan. Additionally, the Agency requires that all other financing sources be committed and used prior to any disbursement of Agency loan proceeds. The Agency will also require that you apply for the Affordable Housing Program through the Federal Home Loan Bank of San Francisco to better leverage Agency funds.

Before this loan is funded, you will be required to enter into a loan agreement, deed of trust, regulatory agreement and other lending documents prepared or approved by the Agency and its legal counsel.

We wish you the best as you attempt to obtain the balance of your required financing. If you should have any questions concerning this commitment of funds, please do not hesitate to contact our office.

Sincerely,

Jeff Briltz
Executive Director