

_____, 2018

To Developer

Dear _____:

The East Haven Housing Authority (the “Authority”) is pleased to provide you with this preliminary letter of interest to provide financing for the _____ project (the “Property”), located in East Haven, Connecticut. This letter contains a brief summary of certain, but not all transaction terms and conditions. The summary of terms and conditions set forth below is subject to approval by the Authority’s Board of Commissioners, and does not constitute an offer or commitment.

1. The management of the Authority will recommend to the Authority’s Board of Commissioners that it adopt a resolution to authorize the issuance of approximately \$_____ Multifamily Housing Revenue Bonds or Notes (the “Bonds”) which shall be secured by the loans described below (the “Resolution”). The Authority shall not be liable for the payment of the Bonds except to the extent it receives payments pursuant to a loan agreement. The issuance of the Bonds is subject to the satisfaction of the requirements of the Internal Revenue Code. _____(the “Developer”) shall be liable for all costs associated with the issuance of the Bonds and shall pay a fee to the Authority upon issuance and annually thereafter as further described below. The financing described below assumes that the Bonds can be sold. The Authority shall not be responsible for marketing of the Bonds. The final aggregate principal amount of the Bonds, the principal amount of the Bonds maturing in each year, the final maturity date for the Bonds, the interest rates to be borne by the Bonds, the redemption provisions of the Bonds, and the date and place for the sale of the Bonds, shall be as determined by the Authority. Market conditions may require a debt service reserve or other reserve funds.

2. As soon as practicable after the Resolution is approved by the Authority, the Authority will request volume cap from the State of Connecticut (the “State”) and approvals from the State required by it for the assignment of volume cap. In addition, the Authority will hold a TEFRA public hearing and request TEFRA approval from the chief elected official of the Town of East Haven.

3. The Authority proposes to make a loan (the “Loan”) to the Developer which will utilize the Loan proceeds to create or renovate approximately ___ housing units on the Property (the “Project”). The Loan will be made pursuant to a loan agreement (the “Loan Agreement”) and note, and will be repaid from the net cash flow generated by the Project. The Loan will be made by the Authority contingent upon the issuance and sale of the Bonds, the proceeds of which will be utilized to make the Loan. The interest rate on the Loan shall be equal to the interest rate on the Bonds and the principal and interest payments on the Loan shall equal the principal and interest payments due on the Bonds.

4. The Developer is subject to review and approval of the Authority and the Secretary of the State Office of Policy and Management.

5. All bond and loan documents are subject to the review and approval of the Authority.

6. Closing of the Loan is subject to the Developer's satisfaction of the Authority's due diligence, in accordance with its policies, rules and regulations, and the execution and delivery of all required bond and loan documents, the issuance and delivery of the bonds, delivery of opinions, payments of fees and expenses, and other customary requirements. All applicable federal, state and local requirements must be followed.

7. The proceeds of the Bonds may be deposited with a trustee or held by the lender. Market conditions may require a debt service reserve fund or additional security. Draw requests shall describe in reasonable detail the purpose for which such moneys were used and further state that such purposes constitute a necessary cost of the Project in accordance with the approved construction contract.

8. The budget for the construction phase of the project, including all budget line items, is subject to approval by the Authority.

9. The Developer shall be responsible for the payment of all fees and expenses in connection with the issuance of the Bonds and the making of the Loan. Such fees and expenses, where eligible under the Code, may be financed with the Bond proceeds. The maximum amount of costs of issuance financeable with such Bond proceeds is 2% of the par amount of the Bonds. The fees and expenses not payable with Bond proceeds are to be paid from other sources of the Developer. The fees and expenses which are the responsibility of the Developer, include but are not limited to those as set forth below.

(a) Origination Fee: A non-refundable Origination Fee equal to \$_____ (the "Origination Fee"), shall be deemed earned in full by the Authority upon the closing of the Loan and is due and payable on or before the Closing.

(b) Application Fee: \$_____, by bank check or wire transfer to the Authority, which amount is due and payable upon execution by the Developer of this letter. The Application Fee shall be used to pay the aggregate of the Authority's actual out-of-pocket expenses for legal fees and other costs in connection with the financing of the Project up to and including the adoption of the Resolution by the Authority, the TEFRA public hearing and the application to the State of Connecticut for Volume Cap, plus the Authority's staff costs, if any (the "Expenses"). Any amount remaining after payment by the Authority of the Expenses will be held by it and used to pay additional expenses of the Authority. The Developer is responsible for the payment of all reasonable costs incurred in connection with the closing of the Loan (including legal fees) and the issuance of the Bonds. Should the Bonds not be issued, any amounts remaining from the Application Fee shall be returned to the Developer.

(c) Transaction Fees: (estimated): All reasonable costs incurred in connection with the processing and/or closing of the Loan (including legal fees) and the issuance of the Bonds (whether or not such Bonds are issued. Estimated fees of Authority's legal counsel for the Bond and Loan closing are \$_____ for bond counsel. Developer agrees to make a supplemental deposit to cover the Authority's legal counsel fees once the drafting of legal documentation commences, if requested by the Authority.

(d) Annual Fee: Expenses of the Authority plus an annual fee of \$_____ per year is due and payable to the Authority on the first anniversary of the Closing Date and every year thereafter while the Bonds remain outstanding. Expenses may include, but are not limited to, the cost of the Authority hiring consultants to provide arbitrage calculation services and compliance services (for income certification).

10. The Authority and the Developer agree to act in good faith and deal fairly with each other in all matters relating to the subject matter of this letter and to negotiate in good faith the definitive terms of all contracts and agreements made in connection with the Bonds and the Loan.

11. Any intention to create a joint venture, agency or partnership relationship between the parties hereto by virtue of this letter is expressly disclaimed.

12. Any terms set forth herein are intended for discussion purposes only and are subject to the final terms of the Bonds and the Loan Agreement. This letter is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital nor does it obligate the Authority to enter into such a commitment. Prior to entering into this transaction, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of this transaction.

Should these preliminary terms be acceptable to you, please sign below and return to me together with the Application Fee. We look forward to working with you on this transaction.

EAST HAVEN HOUSING AUTHORITY

By: _____
Name:
Its: Executive Director

ACCEPTED:

By: _____
Name:
Its:

