

Loan Term Sheet

500 MacNab Street North (Rehabilitation of 146 Unit Apartment Building)

Borrower: CityHousing Hamilton Corporation ("CHH")

Lender: City of Hamilton ("City")

Type of Loan: \$9,229,500 Loan 10-year Amortization

1. Payment Provisions; The City will advance the \$9,229,500 to CHH (electronically) on or about February 1, 2020. The loan is repayable, together with interest, in 10 annual equal installments by CHH to the City beginning February 1, 2021. (Refer Schedule below)

500 MacNab Street North
\$9,229,500 Loan Repayment Schedule
10-Year Amortization @ 2.63%

Feb. 1	2021	\$1,063,000
Feb. 1	2022	1,063,000
Feb. 1	2023	1,063,000
Feb. 1	2024	1,063,000
Feb. 1	2025	1,063,000
Feb. 1	2026	1,063,000
Feb. 1	2027	1,063,000
Feb. 1	2028	1,063,000
Feb. 1	2029	1,063,000
Feb. 1	2030	1,063,000

Total Payments (P&I)	\$10,630,000
Principal Amount	<u>(9,229,500)</u>
Total Interest and Administration	\$1,400,500

Breakdown of Interest and Administration

Interest	\$1,267,373
Administration Fee	\$133,127

2. Any additional mortgage amounts and / or contributions received by CHH from CMHC or any other senior levels of government regarding this project will be forwarded to the City immediately to reduce the loan amount outstanding.
3. Interest Rate: 2.38% per annum, plus .25% administrative fee, compounded semi-annually. Interest will be paid to the City by CHH on an annual basis (refer to payment schedule).
4. Security: The City will be next in priority only to a CMHC registered mortgage or a long-term (greater than 20 years) third party financing.
5. Title Insurance Policy in favour of the City.

TERMS OF LOAN AGREEMENT (City of Hamilton’s external loan guidelines FCS06078(a))

If funding is approved, the legal loan agreement will include the necessary terms as agreed upon by both parties. The following must be included and / or considered during the development of the loan agreement. The list is not exhaustive and can be added to at any time.

- a) The interest rate will be based upon the current serial debenture rate, as provided by the investments section, for the time period that corresponds with the term of the loan. This reflects the equivalent capital cost of the loan. For example, the interest rate for a 10-year loan should be based on the 10-year serial debenture rate.
- b) A 0.25% administration fee will be added to the interest rate.
- c) The term of the loan must not exceed the useful life of the asset.
- d) At a minimum, interest should accrue annually.
- e) Terms of draws and a schedule of draws against the loan.
- f) The City of Hamilton must be recognized on project marketing and promotional material (e.g. City of Hamilton logo).
- g) Any out-of-pocket expenses, such as appraisal costs, incurred for the preparation of the loan agreement, over and above staff costs, will be added to the principal of the loan.
- h) The organization must provide full disclosure, at all times, with respect to issues that will or may affect the completion of the project or the organization’s ability to repay the loan.
- i) Follow-up procedures will also be included in the terms of the agreement. These include:
 - i. The organization must provide a final cost of the project
 - ii. The organization must provide the following annually:
 - 1) Annual financial statements (audited, if available)
 - 2) Budgets and cash flow projections
 - 3) Confirmation of insurance on the asset used as collateral
 - iii. The organization should agree to be available, at the request of the City, to an on-site visit to review the capital expenditure and the applicable financial records.
- j) Any other terms deemed appropriate by City Council, the City Solicitor or City staff.