



SALT LAKE CITY TRANSMITTAL

To:
Community Reinvestment Agency Chair
Salt Lake City Council Chair

Submission Date:
02/28/2025

Date Sent to Council:
03/03/2025

From:

Department*
Community Reinvestment Agency

Employee Name:
Stine, Robyn

E-mail
robyn.stine@slc.gov

**Community Reinvestment Agency
Director Signature**

DANNY WALE

Mayor's Office Chief of Staff Signature

Rachel Otto

**Community Reinvestment Agency
Director Signed Date**
02/28/2025

Chief of Staff's Signed Date
03/02/2025

Subject:
ADU Financing Program Notice of Funding Availability

Additional Staff Contact:
Austin Taylor austin.taylor@slc.gov
Browne Sebright browne.sebright@slc.gov

Presenters/Staff Table
Austin Taylor austin.taylor@slc.gov
Browne Sebright browne.sebright@slc.gov

Document Type
Resolution

Budget Impact?
☒ Yes
☐ No

Budget Impact:
\$2,900,000

Recommendation:
Approve term sheet for ADU Financing Program with Community Development Corporation of Utah

Background/Discussion

The Community Reinvestment Agency selected Community Development Corporation of Utah to run a accessory dwelling unit construction to second mortgage financing program. The CRA and CDCU worked together to finalize a term sheet for the program and presents it to the Board for approval by resolution.

Will there need to be a public hearing for this item? *

☐ Yes
☒ No

Public Process

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MAYOR ERIN MENDENHALL
Executive Director



DANNY WALZ
Director

SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY

STAFF MEMO

DATE: February 28, 2025

PREPARED BY: Austin Taylor, Project Manager
Browne Sebright, Project Manager

RE: ADU Financing Program Notice of Funding Availability

REQUESTED ACTION: Resolution to approve term sheet for ADU Financing Program with Community Development Corporation of Utah

POLICY ITEM: ADU Financing Program

BUDGET IMPACTS: Approx \$1.9M in 9-Line Project Area funds and \$1M in Housing Development funds

EXECUTIVE SUMMARY/BACKGROUND

On July 29, 2024, the Salt Lake City ("City") Community Reinvestment Agency ("CRA") released a \$2.9M Notice of Funding Availability ("NOFA") to fund an Accessory Dwelling Unit ("ADU") financing program. The CRA received three program proposals by the NOFA closing date on September 27, 2024. The proposals were reviewed by an internal review committee and forwarded to the CRA Finance Committee, which recommended funding \$2.9 million to the Community Development Corporation of Utah ("CDCU") proposal. Through a straw poll, the CRA Board of Directors ("Board") confirmed CDCU as the recipient of NOFA funds at the [December 10, 2024, Board meeting](#) and directed staff to return at a future Board meeting with a resolution after negotiating a term sheet with program details. Staff presents a term sheet (Attachment A) to the Board for approval by resolution. If approved by the Board, staff will work with CDCU to launch the ADU Financing Program.

ANALYSIS & ISSUES

FUNDS AVAILABILITY

Approximately \$2.9 million is available for projects that meet the Threshold Requirements listed in the [Notice of Funding Availability for Accessory Dwelling Unit Financing Program Guidelines and](#)

[Handbook](#) (“the Guidelines”) Approximately \$1.9 million of these funds have been set aside specifically for use in the 9-Line Project Area. The remaining \$1 million in funding can be used on affordable housing projects anywhere in the city.

Funds Category	Geography	Amount
9-Line Community Reinvestment Area Funds	9-Line Project Area Only	\$1,755,680
Secondary Housing Fund	9-Line Project Area Only	\$157,535
Housing Development Fund	Citywide	\$1,000,000
Total	\$2,913,215	\$2,913,215

PROGRAM GOALS

[Housing SLC](#), the City’s 5-year guide to housing-related efforts, establishes strategies and goals for making housing more available and attainable to people of all incomes. Under Strategy P (utilization of a moderate-income housing set aside), the CRA is tasked with developing a financing program for ADU construction for low-income homeowners.

There is currently no adopted policy dictating how CRA should create or fund ADU programs. However, the 2021 9-Line Interlocal Cooperation Agreement between Salt Lake County (“the County”) and the CRA specified that the County wanted to see an ADU program that provided financial assistance through loans or subsidies.

“The Agency will establish a loan or subsidy program to facilitate the construction of ADUs specific to the Project Area.” (5.a.i.)

Launching an ADU program that meets this goal by December 31, 2025 allows the CRA to meet one of three performance benchmarks required to increase CRA tax increment collection from 50% of County incremental tax to 60%, starting in 2026.

At its June 2023 meeting, the Board encouraged CRA staff to implement this program not only in the 9-Line Project Area, but also in all of Salt Lake City’s westside neighborhoods. Thus, the CRA intends to fund programs that lend to homeowners anywhere west of I-15 in Salt Lake City.

REVIEW AND APPROVAL PROCESS

Pursuant to the Guidelines, the review process for this NOFA began with a threshold review in October 2024. CRA staff reviewed each of the three proposals for compliance with the threshold requirements, which confirmed applicant, program type, and area eligibility. All three of the applications met these thresholds.

Review Committee Scoring

CRA staff then assembled an internal review committee comprised of CRA and City staff from the Housing Stability and Building Services divisions to evaluate and rank the proposals. This internal review committee evaluated and scored each proposal based on the following criteria:

- i. Alignment and understanding of CRA's program goals (15% weight)
- ii. Content and quality of the program narrative (10% weight)
- iii. Effectiveness of the proposed program approach (20% weight)
- iv. Qualifications and experience of the applicant team as well as their capacity to manage the program for two or more years (20% weight)
- v. Content, effectiveness, and appropriateness of the budget, sources and uses, and related assumptions (20% weight)
- vi. The readiness of the program to launch (15% weight)

After individually scoring the proposals, the internal review committee met in late October to combine scores and rank the proposals. The CDCU proposal scored the highest amongst the proposals.

CRA Finance Committee Recommendation

The CRA Finance Committee was tasked with reviewing the proposals and providing a funding recommendation to the Board for the \$2.9M available for an ADU financing program. . At its November 20, 2024 meeting, the CRA Finance Committee unanimously recommended funding the CDC Utah proposal with the full \$2.9M allocation. ([Link to Finance Committee meeting materials](#))

CRA Board Funding Decision

On December 10, 2024, the CRA Board confirmed through a straw poll the selection of CDCU as the recipient of \$2.9 million for an ADU Financing Program and directed CRA Staff to return at a future Board meeting with a resolution after negotiating a term sheet with program details. Please see Attachment A for the term sheet.

SELECTED PROPOSAL

COMMUNITY DEVELOPMENT CORPORATION OF UTAH

CDCU's application proposes a program that offers financing and property management assistance. The proposed program consists of a combination grant and loan product that is available to either (1) homeowners earning 80% of AMI or below and renting their ADU at market rate, or (2) homeowners earning greater than 80% of AMI and renting their ADU at a rate affordable to renters earning 80% of AMI or below.

CDCU's proposal does not include outside funding but the applicant is "in constant conversation with other national CDFIs and financial institutions to build a loan fund pool for affordable and innovative financial solutions." The program would offer a website where homeowners could apply for the ADU financing program. CDCU proposes to market this program through websites, social media, events, and community partnerships. CDCU currently offers complimentary programs, including a financial coaching & education program, a home buyer education program, and the Tenant Resource Center. CDCU is asking for the full \$2.9 million in CRA funds to pay for program servicing, a loan loss reserve fund, a grant fund, and a revolving loan fund. It proposes launching this program in 2025 and developing 15-20 ADUs.

TERM SHEET SUMMARY

The proposed program provides up to \$200,000 per property in loans with a 30-year amortization, a 5-year term (and a 5-year extension option), and a 3% fixed interest rate, with 10% loan forgiveness for compliance with affordability requirements. Homeowners earning 80% of the Area Median Income (AMI) or below face no rental restrictions, while those earning greater than 80% of AMI must rent either the ADU or the primary residence at affordable rates to tenants earning 80% of AMI or below, with annual income verification and a \$200 compliance fee. Participation requires owner occupancy, Good Landlord training, and financial counseling. Funds must be used strictly for ADU development, with compliance enforced through quarterly reports and financial oversight, and violations may result in funding termination, repayment, or legal action.

PREVIOUS BOARD ACTION:

- March 23, 2021: The Board adopted the 9-Line Community Reinvestment Area Budget Amendment
- October 12, 2021: The Board adopted the amended FY 2021-2022 Budget, allocating \$147,535 of Secondary Housing Fund money for an Accessory Dwelling Unit Program
- April 12, 2022: The Board adopted Second Budget Amendment for FY 2021-2022 budget, allocating \$300,000 of 9-Line Project Area funds for an Accessory Dwelling Unit Program.
- June 14, 2022: The Board adopted the FY 2022-2023 Budget, allocating \$10,000 of Secondary Housing Fund money for an Accessory Dwelling Unit Program
- June 13, 2023: The Board adopted the FY 2023-2024 Budget, allocating \$1,455,680 of 9-Line Project Area funds and \$1,000,000 of Housing Development Fund money for an Accessory Dwelling Unit Program

- December 10, 2024: The Board selected CDCU as the recipient of the 2024 ADU Financing Program NOFA funding

ATTACHMENTS

- Attachment A: Resolution
- Attachment B: Term Sheet

ATTACHMENT A

Resolution

SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY

RESOLUTION NO. _____

ACCESSORY DWELLING UNIT FINANCING PROGRAM

RESOLUTION OF THE BOARD OF DIRECTORS OF SALT LAKE CITY COMMUNITY REINVESTMENT AGENCY APPROVING THE TERM SHEET FOR AN ACCESSORY DWELLING UNIT FINANCING PROGRAM TO BE MANAGED BY THE COMMUNITY DEVELOPMENT CORPORATION OF UTAH

WHEREAS, the Salt Lake City Community Reinvestment Agency (**CRA**) was created to transact the business and exercise the powers provided for in the Utah Community Reinvestment Agency Act (the **Act**).

WHEREAS, the Act grants the CRA powers to use funds to provide for project area development within project area boundaries.

WHEREAS, on January 20, 2021, the CRA approved the Interlocal Cooperation Agreement between Salt Lake County and the Redevelopment Agency of Salt Lake City (now known as the CRA) for the 9-Line Project Area which contemplated the CRA's creation of an accessory dwelling unit (**ADU**) loan or subsidy program for the 9-Line Project Area.

WHEREAS, on October 12, 2021, the CRA Board adopted the amended FY 2021-2022 Budget, allocating \$147,535 of Secondary Housing Fund money for an ADU program.

WHEREAS, on April 12, 2022, the CRA Board adopted the Second Budget Amendment for FY 2021-2022, allocating \$300,000 of 9-Line Project Area funds for an ADU program.

WHEREAS, on June 14, 2022, the CRA Board adopted the FY 2022-2023 Budget, allocating \$10,000 of Secondary Housing Fund money for an ADU program.

WHEREAS, on June 13, 2023, the CRA Board adopted the FY 2023-2024 Budget, allocating \$1,455,680 of 9-Line Project Area funds and \$1,000,000 of Housing Development Fund funds for an ADU program.

WHEREAS, on July 29, 2024 the CRA released a Notice of Funding Availability (**NOFA**) to fund programs that finance ADU construction and received three responses.

WHEREAS, Community Housing Development Corporation of Utah (**CDCU**) was one of the applicants to the NOFA and proposed a program that met all of the NOFA threshold requirements.

WHEREAS, the CRA Finance Committee reviewed all three program proposals in a meeting on November 20, 2024 and voted to recommend the CDCU proposal to the CRA Board for approval.

WHEREAS, in conjunction with the CRA Finance Committee’s recommendations, the CRA staff recommends the attached set of terms (the **Term Sheet**) for program funding in the amount of \$2,913,215 to CDCU for the creation and operations of an ADU financing program.

NOW, THEREFORE, BE IT RESOLVED by the Board that it approves the funding of the proposed CDCU ADU Financing Program as outlined in the Term Sheet attached hereto, subject to revisions that do not materially affect the rights and obligations of the CRA hereunder. The Board authorizes the Executive Director to negotiate and execute the funding agreement and any other relevant documents consistent with the Term Sheet, and incorporating such other terms and agreements as recommended by the City Attorney’s office.

Passed by the Board of Directors of the Salt Lake City Community Reinvestment Agency, this _____ day of __, 2025.

Darin Mano, Chair

Approved as to form: *Jennifer Huntsman*
Salt Lake City Attorney’s Office
Jennifer Huntsman
Date: 2/28/2025

The Executive Director:

_____ does not request reconsideration
_____ requests reconsideration at the next regular Agency meeting.

Erin Mendenhall, Executive Director

Attest:

City Recorder

TERM SHEET

**Notice of Funding Availability Term Sheet
Partnership with Community Development Corporation of Utah
For Accessory Dwelling Unit Financing Program**

Purpose

To allocate \$2.9 million in funds to Community Development Corporation of Utah for the administration and delivery of an Accessory Dwelling Unit (“ADU”) financing program.

Parties

Community Development Corporation of Utah (“CDCU” or “Recipient”) and the Salt Lake City Community Reinvestment Agency (“CRA”).

Program Description

CDCU shall make all reasonable efforts to disperse all loan funds by June 30, 2027 to administer an ADU financing program for Salt Lake City’s Westside. This shall be accomplished by providing homeowners with financial assistance, offering below-market rate interest rate loans and marketing and outreach.

Eligible Activities

CRA funds will be used for a revolving loan fund, a loan loss reserve, and program servicing for the purpose of ADU construction west of I-15 in Salt Lake City municipal boundaries.

Proposed Funding Terms

\$2,913,215 will be allocated in two accounts based on their source of funding.

- Amount: A total of \$2,913,215
 - 9-Line Project Area \$1,913,215
 - Westside (west of I-15) \$1,000,000

The CRA will disburse funds to CDCU on a per-project basis. Each installment will equal the amount required to fund the project’s loan and cover eligible fees, contingent upon adherence to the requirements and conditions outlined below. This allocation and disbursement schedule may be subject to future changes as approved by the CRA Board.

CRA funds contributed to the program’s revolving loan fund and loan loss reserve funds remain property of the CRA. Funds not distributed from the revolving loan fund and loan loss reserve fund will revert back to the CRA on June 30, 2027. Principal and interest payments made back into the revolving loan fund will become the property of the CRA.

Affordability and Compliance

Financing will be available to two types of homeowners:

1. Homeowners earning 80% of AMI or below who construct an ADU on their property.

- These homeowners will not be restricted in renting the ADU; the ADU can be lived in by the homeowner or rented to anyone at any price.
- These homeowners must qualify using their household income at the time of application to the program and at financial close.
- Earning greater than 80% of AMI after loan closing does not disqualify the homeowner from participating in the program nor renting at market rates.

2. Homeowners earning greater than 80% of AMI who construct an ADU on their property.

- These homeowners must rent either the ADU or the primary house at rents affordable to households verified as earning 80% of AMI or below. This rental restriction shall last for the term of the loan.

- These homeowners must agree to the following compliance procedures:
 - CDCU will screen the tenants of the restricted property for income qualification upon lease application. Income verification will take place before the lease begins.
 - Owners will comply with an annual verification with CDCU to confirm whether the tenant remained in the unit or if a new tenant has been selected.
 - Owners will agree that compliance documentation submitted to CDCU may be retained for audit purposes.

CDCU will conduct annual affordability compliance with a \$200/year fee charged to each participating homeowner. All household income and affordability standards shall be determined by the U.S. Department of Housing and Urban Development.

Loan Terms for Homeowners

- Up to \$200,000 per property
- 30-year amortization
- 5-year term with 5-year extension option
- 3% fixed interest rate
- \$2,000 origination fee paid by homeowner to CDCU, \$200 of which is payable as an application fee and the remainder may be included in the loan amount.
- Interest-only payments for first 12 months, with a capitalized construction period interest reserve funded from loan proceeds.
- 10% of loan balance forgiven for homeowners whose properties are rent-restricted to households earning 80% AMI or below, and who pass all annual affordability compliance inspections during the loan term. This balance will be forgiven at the end of the loan term at the balloon payment.

Ownership Requirements and Participation

Financing shall be made available only to homeowners who use their property as their primary residence. Homeowners shall be required to participate in the Salt Lake City Good Landlord training program (which includes obtaining a business license) and CDCU's financial counseling programs.

Homeowners earning 80% of AMI or below who construct an ADU on their property that is not subject to rental rate restrictions will agree to provide CDCU a right-of-first refusal.

Payment Collection and Administrative Fee

At the close-out of a loan, CDCU may collect a \$1,000 administrative fee from the sum of the loan's principal and interest payments. The remaining amount will be transferred back to the CRA.

Marketing

CDCU will use web, social media, in-person events, and community partnerships to engage Westside homeowners in the program. Materials and services, to the extent feasible, shall be offered in both English and Spanish. CRA will share this information on its web and social media accounts, via press releases and direct mail, and by attending in-person events as staff availability allows.

Sustainability

- Detached ADU projects must comply with the CRA Sustainable Development Policy, which requires all new construction projects to achieve a Designed to Earn the ENERGY

STAR score of 90 or more and be designed to operate without onsite fossil fuel combustion.

- Attached or internal ADU projects may be granted a waiver from sustainability requirements.

Reporting and Accountability

- CDCU shall provide quarterly progress reports through the administration of the program.
- Quarterly reports should include, but are not limited to, the following items:
 - Number of loan applications
 - Number of loan applicants who meet threshold requirements
 - Number of construction loan commitments made
 - Number of construction loans closed
 - Details of each construction loan funded
 - Location of ADU project
 - Cost of ADU project
 - Size or design of ADU (including whether internal, attached or detached)
 - Requested amount
 - Funded amount
 - Household size
 - Household income/AMI level
 - Compliance of rented affordable ADUs
 - Percent of rented affordable ADUs in compliance
 - Report of rented affordable ADUs not in compliance, if any

Compliance and Legal Requirements

Recipient is required to take the following actions to meet the CRA's compliance and legal requirements:

- Comply with all local, state, and federal regulations, including zoning, environmental, and fair housing laws.
- Execute loan documents (e.g. promissory notes, loan agreements, security documents, restrictive use agreements) as requested by the CRA and its legal counsel.
- Receive approval from the CRA and its legal counsel of all matters pertaining to title, legality of the loan, and the legality, sufficiency, and the form and substance of all documents that are requested by CRA for the loan transaction.
- Provide evidence of insurance in such amounts and with such coverage as requested by the CRA for the property.
- Use grant funds solely for the purposes outlined in this term sheet. Any deviation requires prior written approval from the CRA.
- Such other terms as requested by the CRA's legal counsel and staff.

Conditions to Fund

The funding is provided with the following pre-conditions that CDCU must meet to receive funding:

- Provide to the CRA any additional sources of program financing, including letters of commitment for additional funding.
- Provide evidence and secure CRA approval of an affordability compliance process.

- Use of funds strictly for Eligible Activities related to the project.
- CDCU, to the extent possible, ensures that all projects obtain required city approvals and building permits for each project.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet program obligations or deadlines in the judgment of CRA.
- Failure to monitor/maintain the affordability requirements to the satisfaction of the CRA.
- Failure to provide quarterly development reports.
- Failure to comply with any other City, State, or Federal requirements.
- Any use or appropriation of funds not in strict compliance with this term sheet or other agreement with the CRA.
- Insolvency, bankruptcy, or cessation of project activities.
- Any material misrepresentation or breach of the terms of the grant agreement.

Remedies

Remedies if CDCU fails to cure in the event of a default may include, but are not limited to:

- If CDCU does not meet the initial conditions for funding, the CRA will not distribute funds.
- Any unspent or improperly used funds must be returned to the CRA.
- Once funds are distributed and upon an event of default, the CRA may:
 - File a breach of contract claim, which may include claims for:
 - Liquidated damages
 - Injunctive relief, and/or
 - Specific performance
 - File a direct action against CDCU to comply with their obligations.
 - Any other remedies available at law or equity.

Indemnification

CDCU will indemnify, hold harmless and defend the CRA, its agents and employees from losses, claims, demands, actions, damages or costs of any kind arising out of or related to CDCU's administration of the financing program.

ATTACHMENT B

Term Sheet

**Notice of Funding Availability Term Sheet
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For Accessory Dwelling Unit Financing Program**

Purpose

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Eligible Activities

CRA funds will be used for a revolving loan fund, a loan loss reserve, and program servicing for the purpose of ADU construction west of I-15 in Salt Lake City municipal boundaries.

Proposed Funding Terms

\$2,913,215 will be allocated in two accounts based on their source of funding.

- Amount: A total of \$2,913,215
 - 9-Line Project Area \$1,913,215
 - Westside (west of I-15) \$1,000,000

The CRA will disburse funds to CDCU on a per-project basis. Each installment will equal the amount required to fund the project’s loan and cover eligible fees, contingent upon adherence to the requirements and conditions outlined below. This allocation and disbursement schedule may be subject to future changes as approved by the CRA Board.

CRA funds contributed to the program’s revolving loan fund and loan loss reserve funds remain property of the CRA. Funds not distributed from the revolving loan fund and loan loss reserve fund will revert back to the CRA on June 30, 2027. Principal and interest payments made back into the revolving loan fund will become the property of the CRA.

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- These homeowners will not be restricted in renting the ADU; the ADU can be lived in by the homeowner or rented to anyone at any price.
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 - CDCU will screen the tenants of the restricted property for income qualification upon lease application. Income verification will take place before the lease begins.
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CDCU will conduct annual affordability compliance with a \$200/year fee charged to each participating homeowner. All household income and affordability standards shall be determined by the U.S. Department of Housing and Urban Development.

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Ownership Requirements and Participation

Financing shall be made available only to homeowners who use their property as their primary residence. Homeowners shall be required to participate in the Salt Lake City Good Landlord training program (which includes obtaining a business license) and CDCU's financial counseling programs.

Homeowners earning 80% of AMI or below who construct an ADU on their property that is not subject to rental rate restrictions will agree to provide CDCU a right-of-first refusal.

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CDCU will use web, social media, in-person events, and community partnerships to engage Westside homeowners in the program. Materials and services, to the extent feasible, shall be offered in both English and Spanish. CRA will share this information on its web and social media accounts, via press releases and direct mail, and by attending in-person events as staff availability allows.

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- Detached ADU projects must comply with the CRA Sustainable Development Policy, which requires all new construction projects to achieve a Designed to Earn the ENERGY

STAR score of 90 or more and be designed to operate without onsite fossil fuel combustion.

- Attached or internal ADU projects may be granted a waiver from sustainability requirements.

Reporting and Accountability

- CDCU shall provide quarterly progress reports through the administration of the program.
- Quarterly reports should include, but are not limited to, the following items:
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 - Details of each construction loan funded
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 - Cost of ADU project
 - Size or design of ADU (including whether internal, attached or detached)
 - Requested amount
 - Funded amount
 - Household size
 - Household income/AMI level
 - Compliance of rented affordable ADUs
 - Percent of rented affordable ADUs in compliance
 - Report of rented affordable ADUs not in compliance, if any

Compliance and Legal Requirements

Recipient is required to take the following actions to meet the CRA's compliance and legal requirements:

- Comply with all local, state, and federal regulations, including zoning, environmental, and fair housing laws.
- Execute loan documents (e.g. promissory notes, loan agreements, security documents, restrictive use agreements) as requested by the CRA and its legal counsel.
- Receive approval from the CRA and its legal counsel of all matters pertaining to title, legality of the loan, and the legality, sufficiency, and the form and substance of all documents that are requested by CRA for the loan transaction.
- Provide evidence of insurance in such amounts and with such coverage as requested by the CRA for the property.
- Use grant funds solely for the purposes outlined in this term sheet. Any deviation requires prior written approval from the CRA.
- Such other terms as requested by the CRA's legal counsel and staff.

Conditions to Fund

The funding is provided with the following pre-conditions that CDCU must meet to receive funding:

- Provide to the CRA any additional sources of program financing, including letters of commitment for additional funding.
- Provide evidence and secure CRA approval of an affordability compliance process.

- Use of funds strictly for Eligible Activities related to the project.
- CDCU, to the extent possible, ensures that all projects obtain required city approvals and building permits for each project.

Events of Default

The following occurrences will constitute an event of default:

- Failure to meet program obligations or deadlines in the judgment of CRA.
- Failure to monitor/maintain the affordability requirements to the satisfaction of the CRA.
- Failure to provide quarterly development reports.
- Failure to comply with any other City, State, or Federal requirements.
- Any use or appropriation of funds not in strict compliance with this term sheet or other agreement with the CRA.
- Insolvency, bankruptcy, or cessation of project activities.
- Any material misrepresentation or breach of the terms of the grant agreement.

Remedies

Remedies if CDCU fails to cure in the event of a default may include, but are not limited to:

- If CDCU does not meet the initial conditions for funding, the CRA will not distribute funds.
- Any unspent or improperly used funds must be returned to the CRA.
- Once funds are distributed and upon an event of default, the CRA may:
 - File a breach of contract claim, which may include claims for:
 - Liquidated damages
 - Injunctive relief, and/or
 - Specific performance
 - File a direct action against CDCU to comply with their obligations.
 - Any other remedies available at law or equity.

Indemnification

CDCU will indemnify, hold harmless and defend the CRA, its agents and employees from losses, claims, demands, actions, damages or costs of any kind arising out of or related to CDCU's administration of the financing program.

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