



May 18, 2016

Steve Powers, Executive Director
Housing Authority of the City of Salem
300 Church Street SE, Salem Oregon 97301

RE: Up to \$600,000 Non-recourse real estate term loan

Dear Steve:

Thank you for giving Columbia State Bank the opportunity to present you with this proposal for lending services. We are truly proud of our record of excellent customer service and expert consultation, and would be honored to provide the same services to your organization.

We are confident that you will find the enclosed proposal will meet your needs for a very competitive structure. Being a community bank with a local presence, we keep your money working in your community.

Note: The attached Term Sheet will expire on June 18, 2016, if not signed and returned prior to that date, unless extended in writing by the Bank.

Please feel free to contact me directly should you have any questions.

A handwritten signature in blue ink that reads 'Sharon Capizzo Guisande'.

Sincerely,

Sharon Capizzo Guisande
Senior Vice President
Columbia State Bank
sguisande@columbiabank.com
503-279-3906



LOAN PROPOSAL

This term sheet Proposal is presented for discussion purposes only. It is not a commitment to lend by Columbia State Bank ("Bank"). If Columbia Bank does extend a loan commitment, terms and conditions will be subject to completion of due diligence, Columbia Bank's credit and documentation standard, necessary credit approval, market conditions and other considerations determined by Columbia Bank, including pricing and financial covenants. Following are the general terms and conditions based on preliminary information provided:

Borrower:	Housing Authority of the City of Salem (SHA)
Purpose:	To refinance an existing Real Estate loan currently with Wells Fargo. Property to be refinanced is known as Englewood West Apartments 54 unit low income Apartments located at 1068 Park Avenue N.E., Salem, Oregon. Proceeds to be used to repay existing debt, replace roof, heating units, and fund closing costs.
Loan Type	Non-recourse Real Estate Loan.
Amount:	Up to \$600,000.
Maturity:	At the borrowers options the follow terms are offered: 15-year fully amortized term loan (estimated monthly payment \$4,037.56), or 10-year term/20-year amortization with bullet (estimated monthly payment \$3,185.27).
Rate:	Tax-exempt Bank Qualified fixed rate as follow: 15-year fully amortized - at 2.63%. 10-year term/20-year amortization with bullet – at 2.52%.
Type:	Single advance at closing.
Repayment:	Principal and Interest due monthly commencing one month from the closing date.
Prepayment:	If the loan is prepaid by Borrower, a prepayment penalty will apply as follows: Years 1 – 5: 5%, Year 6: 4% Year 7: 3%; Year 8: 2% Year 9: 1% Year 10: 0%.

Fees: A loan fee of .60% of the commitment amount will be due at closing; Bank's out of pocket expenses for documentation review by Bank's Counsel. Bank's counsel review fees not to exceed **\$3000.00**, and assumes all documents are prepared by Borrower Counsel.

Borrower shall pay for appraisal fee, environmental review, and all recording fees and costs.

Borrower shall pay the fees and costs of its counsel. All Bank fees are due at closing. Borrower may use proceeds of this financing to pay fees/cost of this financing.

Collateral: First Deed of Trust along with assignment of all rents on the property known as Englewood West Apartments, along with entitlements and any other documentation and contracts. **As a condition of this loan, an appraisal will be required, and must support a maximum LTV of 40%.**

First priority pledge of loan proceeds until spent.

First priority pledge of the Replacement Fund for the Englewood West Apartments Project Property.

First priority pledge of the Operating Fund for the Englewood West Apartments Project Property.

General assignment of Rents.

Conditions:

Representations and

Warranties: Usual and customary for transactions of this type.

Covenants: Usual and customary covenants for transactions of this type will include but are not limited to the following:

Events of Default: Usual and customary in transactions of this type. In addition to other legal remedies, if an event of default occurs due to (i) nonpayment of principal, interest, fees or other amounts when due, or (ii) failure to maintain the tax-exempt status of the obligation, then the Bank may increase the interest rate to an additional 5%.

SHA will maintain a Debt Service Coverage Ratio at 1.10x on the subject property, defined as property revenue less cash expenses associated with the property, excluding interest expense and reserves, divided by Bank loan payments.

SHA will establish a debt service reserve fund equal to 1-year's annual debt service of the facility, certified annually.

Borrower shall allow no additional liens on subject collateral.

Reporting

Requirements:

Annually:

CPA prepared Audited fiscal yearend financial statements for SHA. Statements are due no later than 180-days after fiscal year end.

Copy of the SHA's annual budget once approved but no later than 90-days after fiscal year end.

Fiscal year end internal prepared statements for Englewood West Apartments .

Copy of Rent Roll annually for Englewood West Apartments within 30-days of year end.

Interim internally prepared financial statement for Englewood West Apartments due quarterly within 30-days of quarter end.

Such other financial information as may be reasonably requested by the Bank from time to time.

Other requirements:

Loan subject to documentation acceptable to Bank prepared by Borrowers Bond Counsel, Bank Counsel, and Borrower's Counsel.

Borrower's Bond Counsel to provide validity and enforceability opinions and resolution authorizing debt issuance and Tax Opinion acceptable to the Bank and Bank Counsel.

This Term Sheet will expire on June 18, 2016, unless extended in writing by the Bank.

The above terms are subject to final internal credit approval. If these terms are acceptable please indicate your acceptance by signing below and return the signed copy along with a check in the amount of **\$5,000.00** to start the appraisal process. There may be additional cost for the appraisal depending on the total fee. The environmental review fee will be separate.

This Summary of Terms and Conditions contain confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this summary of Terms and Conditions or as may be required by law, the contents of the Summary of Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

Under Oregon law, most agreements, promises, and commitments made by us, Columbia State Bank, concerning loans and other credit extensions which are not tied to personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by us to be enforceable.

Accepted By Authorized Signer:

Date:
