



Loan and Guarantee Criteria

Real Estate Loans

ZBT Housing may loan a Chapter/Trustee Corporation funds upon the following specific terms and conditions and the General Conditions set forth below:

1. Chapter/Trustee Corporation must either: a) Match loan amount dollar for dollar; or b) Maintain equity in property (as established by appraisal) equal to or greater than 200% of loan amount. Loan repayment cannot exceed ten (10) years unless otherwise approved by the ZBT Housing board.
2. Chapter/Trustee Corporation must be a legal not-for-profit entity in good standing within its state. A Certificate of Good Standing for the Chapter/Trustee Corporation, dated within 60 days of Closing, shall be provided at the closing of the loan.
3. Chapter/Trustee Corporation, in connection with its loan application, shall submit its projected budget of operations for the entire loan period. Chapter/Trustee Corporation shall also submit executed loan contracts (and proof of deposits) for the most current school year where applicable.
4. Chapter/Trustee Corporation must provide copies of appraisal, purchase agreement, title work (naming the ZBT Housing as an additional insured), mortgage survey, Phase I Environmental Report, escrow agreement, Leases (if any), and any other documentation deemed necessary or reasonable by the ZBT Housing. Chapter/Trustee Corporation must pay all expenses, including legal and title costs, incurred by ZBT Housing in connection with the loan.
5. Chapter/Trustee Corporation must provide copies of the most current corporation and Chapter financial statements and budget, and federal and state tax returns.
6. Chapter/Trustee Corporation must enter into an agreement with the ZBT Housing, which will enable the ZBT Housing to immediately remove the officers and directors of the Chapter/Trustee Corporation and appoint new officers and directors in the event of a default by the Chapter/Trustee Corporation that remains uncured after appropriate written notice.
7. The loan will be secured by a Secured Promissory Note and either a Deed of Trust or Mortgage (depending on local custom), recorded against the property. As additional



8. security, Chapter/Trustee Corporation shall assign to ZBT Housing its rights, title and interest, in its membership contracts/leases.
9. During the entire period of the loan, Chapter/Trustee Corporation shall maintain adequate property insurance (fire, casualty, and public liability) in such amounts as are satisfactory to the ZBT Housing, and ZBT Housing shall be named as either an Additional Insured or as a Loss Payee, to the extent of the outstanding loan balance.
10. The Closing Fee for the loan shall be 1% of the loan amount. In addition, the Chapter/Trustee Corporation shall pay the ZBT Housing a ½ of 1% servicing fee each year the loan is outstanding.

Loan Guarantees

ZBT Housing may guarantee Chapter/Trustee Corporation mortgages of an amount equal to the Chapter/Trustee Corporation's cash equity invested in the subject property, upon the following specific terms and conditions and the General Conditions set forth below:

1. Compliance with Real Estate Loans Conditions 2-9 above.
2. The fee payable to the ZBT Housing for the Loan Guaranty shall be ½ of 1% of the amount guaranteed for each year, or partial year, that the guaranty is outstanding.

Personal Property Loan

ZBT Housing may loan a Chapter/Trustee Corporation funds for the purpose of purchasing furniture, fixtures and/or equipment for a Chapter house or making a security deposit on the Lease of a Chapter house upon the following specific terms and conditions and the General Conditions set forth below:

1. Compliance with Real Estate Loans Conditions 1-9 above.
2. The loan amount cannot be amortized over a time period longer than the unexpired term of the current Lease for the Chapter House.

General Conditions

The following terms and conditions will apply to all loans/guarantees made hereunder:

1. The loan period shall not exceed ten (10) years, or be longer than the remaining term of the first mortgage against the subject property, whichever is shorter, except as otherwise approved by the ZBT Housing board.
2. The ZBT Housing will not make any loan if its proposed secured position is a third Mortgage (or less).



3. All loans shall bear interest at one percent (1%) over the JP Morgan Chase (Prime) Rate (or as otherwise approved by the ZBT Housing board) adjusted every year on the anniversary date of the loan (or the nearest business day preceding the anniversary date). In the event of a default by the Chapter/Trustee Corporation, interest shall be three percent (3%) over the JP Morgan Chase (Prime) Rate.
4. Late payments will incur a \$250 processing fee per occurrence, as well as, a 2% late fee (2% of the late payment amount) added to the missed payment.
5. Loans made between \$20,000 - \$50,000 the ZBT Housing will be granted minority representation on the Local House Corporation. Loans over \$50,000 the ZBT Housing shall be granted majority control of the Local House Corporation and accounting will be handled by ZBT Housing or other third-party as approved by ZBT Housing.
6. All Local House Corporations with loans made by the ZBT Housing must provide proof of federal form 990 filing on an annual basis.
7. ZBT Housing will charge a 6% [of gross revenue] management fee for current and new properties under the direction of the ZBT Housing.