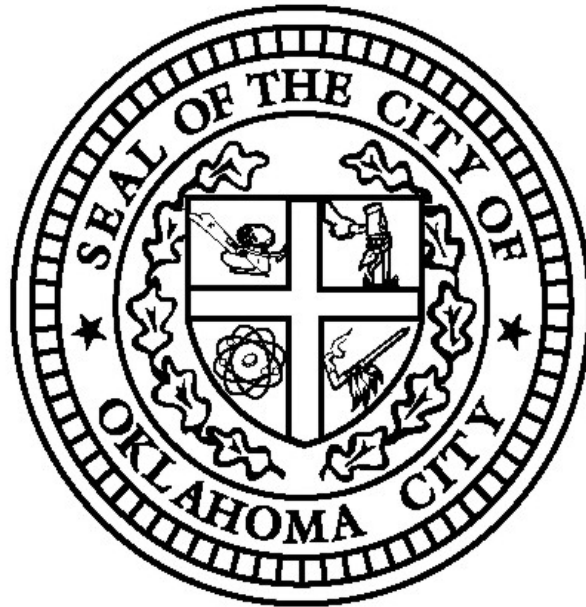


Murrah District Revitalization Revolving Loan Fund Lending Procedures & Guidelines

The City of Oklahoma City

(Last updated May 2022)



Murrah District Revitalization Revolving Loan Fund Lending Procedures & Guidelines

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Murrah District Revitalization Revolving Loan Fund Lending Procedures & Guidelines

I. INTRODUCTION

The Lending Procedures & Guidelines (“Guidelines”) describe the scope and limitations of the Murrah District Revitalization Revolving Loan Fund (“Murrah RLF” or “RLF”) which provides small business loans for eligible business owners and developers. The program is authorized pursuant to funding awards provided to The City of Oklahoma City (“The City”) to aid in the recovery of the area damaged physically and economically by the bombing of the A.P. Murrah Federal Building. The Murrah District Revitalization Program boundaries are defined as all properties within the area bounded to the north by NW 13th Street, Robert S. Kerr Avenue to the south; Oklahoma Avenue to the east; and Shartel Avenue to the west.

The HUD agreement for the Murrah District Revitalization Program is B-99-M0-40-0003. The Murrah District Revitalization Program must comply with statutory requirements found in Public Law 105-276 at 112 Stat. 2476 and Public Law 105-277 at 112 Stat. 2681-546-547.

II. PROGRAM PURPOSES

The Murrah RLF was established in 1998 with the following objectives:

1. To restore the economy within the bomb-affected area by supporting expansion of existing businesses, and by attracting new businesses and other economic generators into the area;
2. To leverage maximum investment in the area by requiring majority funding by the borrower.

The program purposes will be accomplished by partnering with private lenders on all Murrah RLF loans, and/or providing financing for privately funded projects subject to the equity requirements in Section V.B.5.

Each loan recipient and each project financed under the program must meet the eligibility and approval standards contained in these Guidelines. The minimum loan amount per proposal is \$200,000. The maximum loan amount is \$750,000 subject to availability of funds. Applicants must demonstrate a financial need to support the amount requested.

III. POLICY STATEMENT

The Murrah RLF is not created to be competitive with private sector lenders and therefore has limitations on how and when financing will be provided. Financing provided by the City is designed to leverage private financing and equity sources.

IV. ADMINISTRATIVE RESPONSIBILITIES

The administrative mechanism and procedures for the program are as follows:

A. Authorization and General Program Responsibilities

The Murrah District Revitalization RLF is administered by The City of Oklahoma City Planning Department.

B. City Council

The responsibility for approval of any written agreements, loan approvals and collection actions rests with the City Council of The City of Oklahoma City.

C. Citizens Committee for Community Development (CCCD)

The Citizens Committee for Community Development (CCCD) is the advisory committee responsible for vetting all applications, and advising staff on Murrah Loan Program applications prior to presentation to City Council.

D. Oklahoma City Planning Department

The Planning Department, Housing and Community Development Division staff will receive and review loan applications from potential borrowers. All applications will be reviewed and must meet the minimum scoring criteria established in the solicitation for applications. One or more proposals which meet or exceed the minimum scoring threshold may be forwarded to the CCCD for consideration, subject to the availability of funding.

The Planning Department will provide loan servicing, either directly or through the borrower's private lender if authorized under an Intercreditor Servicing Agreement. If loan servicing on the RLF loan is provided by the borrower's private lender, the lender will be allowed to retain all, or a portion of the interest earned on the RLF loan as compensation.

E. City Municipal Counselor's Office

The City's Municipal Counselor's Office will provide legal counsel to Planning Department staff in matters regarding the RLF.

F. Program Accounting and Reporting

The Planning Department will establish and maintain adequate financial records in accordance with generally accepted accounting principles to properly record loan postings and disbursements to loan recipients. All financial activity regarding the

Murrah RLF will be recorded in the City's official financial management and accounting system.

V. STATUTORY LOAN REQUIREMENTS AND FUND PRIORITIES

A. Loan Fund Capitalization

The Murrah RLF was capitalized by federal grant funding made available to The City under HUD award number B-99-M0-40-0003. Loans funded under the Murrah District Revitalization Program must comply with statutory requirements found in Public Law 105-276 at 112 Stat. 2476 and Public Law 105-277 at 112 Stat. 2681-546-547 to wit:

Funding for the City of Oklahoma City, Oklahoma, for a revolving loan fund that shall be subject to the following requirements and conditions:

1. RLF funds shall be available only for making loans to carry out economic development activities within the area in Oklahoma City bounded on the south by Robert S. Kerr Avenue, on the north by North 13th Street, on the east by Oklahoma Avenue, and on the west by Shartel Avenue, and covering costs involved in administering the loan fund;
2. RLF funds shall be available only if private financing has been secured from non-Federal source(s) in an amount not less than 2/3 of the total project financing. A minimum 10% equity investment from the applicant is required;
3. Repayments of principal and interest from RLF loans shall be deposited in the Murrah fund and become available for lending in accordance with this section;
4. Funds may not be used to provide loans to any agency or entity of the Federal Government or any State government or unit of general local government;

B. Loan Terms and Debt Service Structuring

1. The RLF will lend at $\frac{3}{4}$ of one percent (0.75%) interest, for up to 15 years in the form of a secured loan. The senior lender may retain up to $\frac{3}{8}$ of one percent (0.375%) interest under the terms of an Intercreditor Servicing Agreement. . In the event that the participating lender requires a servicing fee in excess of 0.375%, the rate may be adjusted upward to fulfill the requirements of the intercreditor agreement.
2. Loans secured by depreciating collateral such as furniture, fixtures and equipment may be approved at a loan term analogous to the projected useful life of the asset.

3. All loans will be fully amortizing with regular monthly payments of principal and interest.
4. Developers may opt for interest-only payments for up to twelve (12) months of construction depending on project need, with the full principal balance amortized over the remainder of the loan term.
5. For projects where individual residential units will be developed and sold to a third party following construction, the City may agree to a partial release of collateral only upon payment of a release fee equal to a prorata share of the original principal balance. For example, if \$200,000 in Murrah funding has been awarded for the development of ten (10) condominiums to be individually sold, the release fee for each unit at the time of closing would be \$20,000 plus unpaid interest.
6. The loan amount will be limited to 30% of total debt financing *after* a minimum 10% equity contribution by the borrower. Under this program, equity must be provided as a cash contribution to the total project and/or as unencumbered real estate pledged as collateral. The value of unencumbered real estate will be based upon the lesser of the current tax assessment or a third party appraisal.

As an example, typical project financial structuring for a \$1,000,000 project would be as follows:

\$1,000,000 total project development costs
(\$100,000) borrower equity (10%)
\$900,000 total project financing
\$700,000 private equity or financing (70%)
\$300,000 Murrah District Revitalization RLF (30%)

Under no circumstances will program funds be awarded in the form of a grant.

C. Fund Priorities

The City of Oklahoma City will issue a request for applications periodically as funds become available to lend. Solicitations will not be issued until the fund available balance is at least \$500,000. The following outcomes are identified as strategic goals of the program. Applicants with projects that support these goals and objectives will receive higher competitive priority in the funding review process:

1. Proposals that will result in permanent job creation.
2. Historic restoration and/or preservation of a historically significant commercial building or facade.

3. Business proposals that will generate new sales tax revenues (e.g. retail operations).
4. Project proposals which meet the goals and objectives of the planOKC Comprehensive Plan, City or neighborhood strategic plans; and/or promote business district revitalization.

VI. ELIGIBLE APPLICANTS

A. Eligible Entities

Individuals and organizations meeting one or more of the following definitions are eligible to apply for assistance through the RLF:

1. For-Profit and Non-Profit Corporations
2. Private Developers
3. Community Based Development Organizations (CBDO's)*
4. Community Development Entities (CDE's)
5. Retailers
6. Private Entrepreneurs
7. Tax Credit Developers

*Note: CBDO's may be either non-profit or for-profit organizations; however, any monetary profits to its shareholders or members must be only incidental to its operations.

B. Additional Applicant Requirements

An applicant for a loan under the RLF program must meet one or more of the following eligibility criteria:

1. Applicant proposes to acquire, construct or rehabilitate a project for the specific purpose of leasing the completed project to one or more small businesses on terms and conditions acceptable to the City.
2. Applicant proposes a new business, or a business expansion within the target area. A new business is one which has been operating less than 12 consecutive months under the same ownership.
3. Applicant proposes a business relocation from outside the Oklahoma City limits to a property located within the target area.
4. An owner of a lease structure may apply for a loan subject to the terms of an agreement protecting the tenant and subject to compliance with the Uniform Relocation Act. A tenant may apply for a loan subject to the collateral requirements identified in Section IX.D below.
5. Applicant proposes construction of a mixed-use development inclusive of

residential and commercial uses.

6. Applicant proposes conversion of historic or blighted property to residential and/or commercial use.

VII. ALLOWABLE USES OF FUNDS

Funds available through the RLF may be used for the following activities within the eligible program area.

1. Improvements or renovations to existing buildings and land. Project cannot be solely residential and must include a business and/or mixed-use commercial component (see Section IX.F following).
2. Acquisition of fixed assets including land, buildings, machinery and equipment having a normal useful life of not less than the maturity of the loan.
3. Construction of a new business facility and/or expansion of existing structures, to include associated on-site infrastructure.
4. Project related soft costs including reasonable professional fees, surveys, appraisals, legal services, engineering services, architectural services, environmental reports and professional services directly related to construction, building permits, environmental reports, energy audits, and other expenses and closing costs not specifically prohibited in Section VIII below.
5. Working capital including the cost of materials, labor and inventory; *subject to more stringent underwriting and collateral requirements as the City determines reasonable and necessary to mitigate risk.*

VIII. INELIGIBLE USES OF FUNDS

The RLF may not be used to provide loans to any agency or entity of the Federal Government or any State government or unit of local government.

In addition, RLF funds shall not be used for the following expenses:

1. Incorporation and organizational expenses.
2. Refinancing of existing debt*
3. Application fees.
4. Origination and discount fees.
5. Capitalization of escrow and reserve accounts.

6. Participating lender's loan processing and underwriting fees, and other charges in connection with closing the senior loan.
7. Speculative real estate investment or land banking, defined as investment not associated with a business purpose and/or which provides an inadequate source of income to repay the debt.
8. Construction work started or completed prior to final loan approval.
9. Acquisition, rehabilitation or new construction *for the sole use* as multifamily or single-family housing. Funded projects must have a retail component. Single family houses with a home office component are not eligible.
10. Salaries and administrative costs incurred by development companies for project management and construction.
11. Any venture or business concern that proposes the operation of a private or commercial club, massage parlor, sale of pornographic materials, hot tub facility, suntan facility, vapor shop, medical marijuana dispensary, tattoo parlor, any facility used for gambling, or any retailer whose principal business is the sale of alcoholic beverages for consumption off premises, excluding microbreweries.
12. Applications proposing to use funds in support of inherently religious activities such as worship or religious instruction. If an organization does conduct such activities, those activities and/or facilities must be funded separately than those funded with the RLF.
13. Any other business expense deemed by The City to be outside the scope and purpose of the RLF program.

*Note: Refinancing of existing Murrah loan obligations will be considered on a case-by-case basis.

IX. LENDING CRITERIA AND ELIGIBILITY AREA

This section establishes the basic eligibility criteria and underwriting standards applicable to the Murrah RLF program.

A. General Standards for Loan Approval

1. Staff must be able to determine that the use of funds is necessary and appropriate to support economic growth and recovery within the Murrah District Revitalization area, and that work financed by the proposed loan meets one or more of the program purposes, as defined in Section II.
2. The City must ensure that the project complies with the requirements of

HUD Agreement B-99-M0-40-0003 dated June 18, 1999. The RLF must comply with statutory requirements found in Public Law 105-276 at 112 Stat. 2476 and Public Law 105-277 at 112 Stat. 2681-546-547.

3. Additional requirements may be imposed as a condition of funding by Staff, CCCD, or City Council.
4. Upon completion of improvements, the property must comply with all applicable code, permit and license requirements, and must be issued a final Certificate of Occupancy.

B. Eligible Areas

Murrah RLF assistance is geographically restricted to properties located within the following defined grid. Properties not solely and entirely within the grid are ineligible under this program:

NW 13th Street to the North
Robert S. Kerr Avenue to the South
Shartel Ave to the West
N. Oklahoma Ave to the East

C. Credit Requirements and Underwriting Criteria

The staff recommendation will be based on financial need, organizational capacity, ability to repay, adequacy of collateral, and economic benefit within the target area. The applicant shall generally be subject to the following minimum credit requirements:

1. Acceptable credit history.
2. Adequate experience and sufficient financial capacity to sustain long term operations of the business throughout the repayment period.
3. Reasonable assurance of repayment based upon past earnings and/or future revenue projections.

D. Collateral and Alternative Security

All RLF transactions shall be subject to one or more of the following collateral requirements, which shall be valued in accordance with industry standards;

1. Interest in land, buildings and real property.
2. Machinery and inventory.
3. Assignment of contract and contract proceeds.

4. Assignment of current receivables.
5. Stocks and bonds.
6. Certificates of Deposit
7. Personal and corporate guarantees.
8. Furniture, fixtures and equipment.
10. Other personal assets as may be required by the City or by HUD to adequately secure the City lien.

The City may also require security in the form of assignments of patents and licenses, commercial liability and other forms of insurance, and such other additional security as the CCCD or City Council determines is necessary.

Personal Guarantees may also be required from principals and owners, as appropriate. A guarantor or co-maker may be required in cases where the loan is not sufficiently collateralized, or when assets under the umbrella of a partnership or corporation cannot be pursued by the City in the event of default.

If an owner of a lease structure applies for a facilities improvement loan (leasehold improvement), such owner will be required to agree to loan terms which protect the viability of tenant businesses. Such terms may include the right of the tenant to remain on the premises and to renew the lease for the period of the loan, and restrictions on the escalation of rents.

Facility improvement loans to a lessee will require the cosignatory of the owner, and in these cases, the improved real property may be used as collateral. In cases where the lessee is paying for real property improvements, the owner of the lease structure will be required to agree to the following:

- (a) Restrictions on rental escalations within limits established by the City;
- (b) Right of the tenant to remain on the premises and option(s) to renew the lease for the period of the loan to enable the orderly retirement of the debt; and
- (c) Waiver of landlord's lien.

E. Security Position

When providing RLF assistance, The City may take a subordinated position to the participating lender in securing its portion of the loan, provided the City is adequately secured.

The appropriate documents for The City financing will be prepared by the Planning Department staff to ensure the City’s collateral position, along with proper valuations. These documents may include, but are not limited to Deeds of Trusts, Mortgages, Loan Agreements, Inter-Creditor Agreements, Subordination Agreements, Personal Guarantees, Lien Releases, UCC Statements (if not filed by the senior lender or its closing agent), Assignments, and/or other legally binding agreements deemed necessary to secure and record the City’s public interest in the transaction.

F. Land Use

Proposals that include both a residential and commercial component within the proposed project will only be eligible under the following conditions:

1. Financing provided by the participating lender, whether at construction or permanent financing, must be provided in the form of a commercial loan.
2. The dedicated commercial space within the project will occupy a minimum of the total square footage of the project as shown in the following table:

Number of Floors	Minimum Space Allocated to Commercial Activity
1	20%
2	50%
3	33%
4	25%
5+	20%

3. Property will be appropriately zoned for mixed-use development with acceptable density. Any required zoning variance must be approved prior to application.
4. Multi-family residential use will be restricted to commercial multi-story buildings and will be allowed only in a mixed-use scenario. Under no circumstances will residential use be permitted at street level in a multi-story mixed-use development.

X. LOAN APPLICATION POLICIES AND PROCEDURES

A. General

A loan application form is to be completed for each RLF proposal. Applications that are received in conformance with program guidelines will typically be reviewed and evaluated by Planning Department staff within fifteen (15) business days of receipt. Applications recommended for funding will be placed on the agenda for the next available CCCD meeting following receipt and review of additional documentation requested by staff (if any). If an application is incomplete or additional information has been requested by Staff, the applicant must make timely progress towards

providing the requested documentation. Failure to do so without good cause is grounds for rejecting the application.

B. Application Procedures

The applicant will be required to complete a loan application form. Initial screening of the application will be performed by City Planning Department staff, who will inform the applicant whether the project appears to be acceptable or alternatively, the reason(s) the project does not meet the program objectives. Additional documentation may be requested by Staff prior to making a funding recommendation.

All applicants must use the authorized application form provided with the Solicitation for proposals. An original and two copies of the application and supporting documentation should be delivered to:

City of Oklahoma City
Planning Department/Housing and Community Development Division
Murrah Loan Program Applications
420 W Main St, Suite 920
Oklahoma City, Ok 73102

C. Applications Submitted by the Participating Lender

When a loan applicant has already applied for and received a financial commitment from a local bank and/or other private funding source(s), the following documentation should be provided with the application:

1. The signed commitment letter(s) from the participating lender(s); and
2. Additional terms and conditions of financing required by the participating lender, and a written explanation from the applicant stating how and when these conditions will be satisfied.

D. Documentation Requirements

The City will rely upon the participating lender to adequately underwrite the loan. Applicants must agree that The City, at its discretion, may request and receive copies of any or all documentation provided to the participating lender in fulfillment of the lender's underwriting requirements. At a minimum, the City will require the following documentation:

1. Copy of all firm commitment letters from the participating lenders reflecting the agreed upon loan terms and requirements for financing.

2. Copy of the completed appraisal report(s) for all real estate collateral reflecting estimated value “subject to completion”.
3. Lender’s preliminary title commitment
4. Copies of all completed environmental reports.
5. Project timeline, sources and uses table, and operating proforma.
6. Fully executed intercreditor agreement between The City and the participating lender.
7. Other specific documentation unique to the application requirements under the current solicitation.

XI. LOAN REVIEW PROCESS AND PROCEDURES

A. General

The loan review process described in this section applies to all RLF applications submitted to the City for consideration of funding.

B. Staff Review

1. City Planning Department staff will review and evaluate all applications to determine eligibility, project feasibility, and compliance with program guidelines. If a proposal does not meet minimum threshold scoring, the application will not be further considered. If the proposal meets minimum eligibility and scoring criteria, an environmental review will be initiated by City staff. Please note that the environmental review process may take up to six (6) weeks depending upon the complexity of the project. **No work may take place on the proposed project until environmental clearance has been received.**
2. Following review of the application, including the receipt and review of follow-up documentation as requested, Staff will prepare a loan summary and recommendation for CCCD regarding the amount and use of loan funds. Additional consultation with the applicants may be required prior to presentation of the proposal to CCCD if there are remaining issues to be discussed or resolved.
3. If additional documentation is required from the applicant, staff will notify the designated contact person in writing or by email following initial review of the application materials. Incomplete applications will be placed on hold until all requested items are received. If applicant fails to provide requested information within ten (10) business days, the application will be rejected.

4. Following receipt and review of all initial and follow-up documentation, applications recommended for funding will be presented to the CCCD at the next regularly scheduled meeting.

C. Citizens Committee for Community Development Reviews

1. Regularly Scheduled CCCD meetings are held in the City offices at 420 W. Main St. Applicants will be notified in writing or by email of the meeting date and room location when the proposal is placed on the agenda. The applicant or a designee must be present at all meetings in which the proposal will be discussed.
2. Staff will employ generally accepted lending practices and loan evaluation procedures in review of loan applications. CCCD will consider each application on the basis of the information provided in the Staff written recommendations, and criteria established in the underwriting standards (Section IX). Upon review, CCCD may take any of the following actions:
 - (a.) Recommend that the loan be accepted and forwarded on to City Council for final approval as presented, or with additional conditions; or
 - (b.) Recommend that the loan be accepted and forwarded on to City Council for final approval under alternative loan terms and/or conditions; or
 - (c.) Recommend that the loan be denied and state the specific reason for disapproval; or
 - (d.) Return the application to Staff for additional work, modification or revision, and possible resubmission to CCCD at a later date.

D. Loan Agreement Provisions

The Loan Agreement shall be negotiated prior to CCCD and City Council reviews, and will set forth the terms and conditions of the loan, including but not limited to:

1. Specifications of the loan amount, interest rate, amortization period, and term of the loan.
2. Specification that final approval of the drawdown of funds for the loan be obtained from the City.
3. Specification of the City's security interest in the collateral or other alternative security arrangements.

4. Specification that the disbursement of funds for the loan shall be conditioned on the prior closing of the participating lender loan at an amount not less than 70% of the project financing following the applicant's minimum 10% equity investment; and
5. Stipulation that the City's commitment to make the loan will expire if expenditures are not made in accordance with the terms of the agreement within twelve (12) months from the date of agreement, unless otherwise modified or extended by subsequent Council action.

XII. LOAN CLOSING PROCESS AND PROCEDURES

A. Loan Closing Procedures

The City Planning Department is responsible for the following activities to close the loan:

1. Coordination with the participating lender to establish the date and time of closing, if applicable;
2. Preparation of, and coordination with legal counsel to facilitate a legal review of loan documents;
3. Presentation of the CCCD loan recommendation to City Council for final approval and;
4. Preparation of closing instructions, if applicable.

(a) For tandem loans, real estate-collateralized loans shall be closed simultaneously with the participating lender loan. Closing for real estate collateralized loans shall be administered by a title company in accordance with instructions provided by the City.

(b) Non-real estate collateralized loans may be closed after the participating lender loan and such closings may be administered by the staff. Borrowers may acquire legal consultation at their own expense to assist in preparation of adequate security and collateral documents necessary to complete the transaction.

(c) All applicable tax and insurance payments must be escrowed by the senior lien holder, or otherwise documented as annually paid.

(d) Funds will not be committed until the Loan Agreement has been signed and the environmental review process has been completed. The owner and its contractors are prohibited from undertaking any "choice

limiting” project activity until after the completion of the federal environmental review and the execution of the “Authority to Use Grant Funds” (HUD 7015.16) or equivalent letter. This includes *any activity* that will result in a physical change to the property including property acquisition, demolition, ground breaking, movement, rehabilitation, conversion, repair, construction, and leasing or disposition. *Performing a choice-limiting action may disqualify a project from receiving any federal funds.*

(e) Applicants should anticipate a minimum of twenty-one (21) days from City Council Approval to loan funding.

B. Closing Fees

Applicant is responsible for all fees and costs associated with the loan transaction, to include preparation of the senior lien loan closing documents, subordination agreement(s), recording fees, and escrow closing fees. The City is not responsible for the payment of closing fees. All fees must be paid through the loan closing with the senior lender, when applicable. The City financing will be closed simultaneously with the senior lien whenever feasible. Subordination below second lien position will require City approval prior to closing and will only be granted in extraordinary circumstances.

XIII. LOAN DOCUMENTS

- A. Each loan recipient shall execute a Promissory Note, Loan Agreement, Mortgage, Security Agreement, Financing Statement(s), Personal Guaranty(s), and/or other documents established in accordance with the Murrah District Revitalization Revolving Loan Fund requirements.
- B. Murrah program loan documents will be drafted by Planning Department staff. All documents must be reviewed and approved by the Municipal Counselor’s office prior to City Council review. A minimum of ten (10) business days will be required for legal review prior to staff’s presentation to City Council.
- C. For loans with a participating private sector lender, the City and the participating lender shall execute an Intercreditor Agreement establishing the relative priority of each party’s security interest in the loan, and specifying the terms of loan servicing responsibilities for life of the loan.
- D. A mortgage securing real property must specifically prohibit deferred maintenance and require adequate upkeep and repairs to the subject property. Assisted businesses must take reasonable action to ensure that secured assets do not depreciate in value as a result of neglect.

- E. All original loan documents will be returned to the City's Planning Department after closing. Files will be retained in a secure location until such a time as the City has been fully repaid or the investment has been recognized as uncollectable debt by the City due to nonpayment or foreclosure.
- F. The City must be provided with a fee simple title commitment free from liens and encumbrances for all real estate secured by the mortgage; less and except the approved senior lien(s).
- G. A boundary survey may be required at the City's discretion. The Loan Agreement between the City and the Borrower must specifically authorize the City the ability to communicate with the senior lender(s) during loan delinquencies, collections, foreclosure actions, repossessions, and/or deficiency judgments related to the subject loan.

XIV. FEES

No application fee will be charged for responses to solicitations.

XV. FUNDING

A. City Serviced Loans: Draw Down and Funding Procedures

1. Funds may be made available at closing for land acquisition and/or for the purchase of furniture, fixtures, and equipment. The City must be provided with copies of applicable invoice(s) and a preliminary settlement statement within ten (10) days prior to closing.
2. Once the City has certified that all conditions of the loan approval have been met and the closing has been completed, the borrower may begin submitting invoices to the City as expenses are incurred. Funds will be subsequently disbursed in accordance with the Loan Agreement.
3. Except in cases of acquisition, funds will generally be provided to the borrower on a reimbursement basis when invoices are received with the appropriate supporting documentation. All invoices submitted for reimbursement must be marked "Paid in Full" by the vendor or be otherwise documented as paid.
4. If the borrower wishes to receive payments electronically, a completed "Authorization Agreement for Electronic Funds Transfer" must be provided with a canceled check. Staff will provide a copy of this form upon request

B. Bank Serviced Loans: Drawdown and Funding Procedures

1. Funds may be made available at closing for land acquisition and/or for the purchase of furniture, fixtures, and equipment. The City must be provided with copies of applicable invoice(s), Purchase Agreement(s), and a preliminary settlement statement within ten (10) days prior to closing. Closings should be scheduled sufficiently in advance to accommodate the time needed for processing the wire request
2. After the City has confirmed that all conditions of loan approval have been met, the participating lender may schedule the closing. The City will provide all funds (exclusive of any loan funds disbursed at closing) to the senior lien holder for equitable pro rata disbursement with other financing, as required in the terms of the Intercreditor Agreement. The applicant will be required to submit an invoice to the City for the full amount of the loan following City Council approval. Funds will be wired by the City to the participating lender within fifteen (15) business days following written or electronic confirmation from the lender that construction is ready to proceed.
3. The participating lender will place the Murrah loan funds in an individual account controlled by the bank and will disburse funds to the borrower throughout construction as draws are received. All City funds must be drawn down on a pro rata basis with other financing sources
4. After funds have been wired to the participating lender for prorata disbursement, timely construction draws are required. If the first draw has not been made within sixty (60) days from the date of the wire, the City reserves the right to demand full repayment of the loan

C. Other Funding Requirements

1. If the loan has not closed within three (3) months of the Loan Agreement approval date, the developer must provide a revised project timeline and a written request to Planning Department Staff for the City's continued commitment to the project. A one-time extension up to six (6) months may be granted administratively at Staff's discretion. Loan Agreements will include a termination clause. If closing does not occur within three (3) months of the approved Loan Agreement; or alternatively, at the end of an approved six (6) month administrative extension, loan funds will be made available to other eligible projects.
2. If the borrower is not yet registered as a City vendor, a completed W-9 Form must be provided to the City two (2) weeks prior to closing.

3. The Borrower must be registered in the federal database at SAM.gov. Each applicant must have a unique DUNS, CAGE and SAM I.D. number before a contract will be set up in City or federal financial systems.
4. The Borrower must provide the City with a general liability insurance certificate with a minimum coverage of \$1 million. The City of Oklahoma City must be listed as an additional insured.

XVI. LOAN SERVICING

A. Loan Servicing Responsibility

The responsibility for servicing Murrah District Revitalization RLF loans shall be carried out by The City of Oklahoma City Planning Department Staff, or by the senior lien holder if authorized under an intercreditor servicing agreement.

Loan servicing functions include, but are not limited to the following actions:

1. Receipt and deposit of monthly RLF payments to the City. Please note that project delays do not alter, or otherwise modify, the repayment terms stated in the Promissory Note and the Loan Agreement. All loan payments shall be made as agreed, without regard to project status. This includes the expiration of interest only financing approved for the first twelve (12) months of construction.
2. Release of liens as required upon satisfaction of debt.
3. Responsibility for the foreclosure and/or repossession of properties or other collateral securing loans made by the City.
4. Responsibility for the ultimate orderly liquidation of real estate or other collateral to either partially or completely satisfy the debt.
5. Collection of delinquent loans will be accomplished by the designated servicer with the aid of other support staff, including but not be limited to, City legal staff, outside legal counsel, collection agencies, the senior lender loan underwriting staff, and/or the individual responsible for originating the loan.
6. Restructuring of loan terms (troubled debt restructuring) will be considered only on a case-by-case basis as recommended by CCCD and approved by City Council.
7. The City shall retain the right to communicate with both lender and borrower regarding account status throughout the repayment period.

B. Loan Subordination and Assumption Requests

1. All requests for loan subordination must be submitted in writing to the City of Oklahoma City Planning Department. Subordinations are neither routine nor automatic. Each request will be evaluated on its own merit. Requests for subordination are to include:
 - a) A written cover letter detailing the reason for the request.
 - b) A comparison of the existing loan terms and the proposed loan terms.
 - c) A third party property appraisal completed within the last six (6) months for collateralized land and buildings and reflecting an “as is” estimate of value. The tax assessed value may be used if there is adequate equity to support the request based on the most recent tax certification.
 - d) Loan commitment letter, Closing Disclosure and Loan Estimate, title commitment, and terms of repayment from the lender for the proposed transaction.
 - e) Itemization of additional collateral to be offered to the City (if applicable).
2. The City will agree to subordinate to a cash-out transaction only if the proposed combined loan to value (CLTV) for all liens does not exceed 60%. If the cash distribution will be used to improve or rehabilitate the property, the CLTV may be calculated on the as-completed estimate of value.
3. Loans proposing adjustable-rate mortgages, balloon payments, interest-only repayments, and reverse mortgages increase financial risk. Additional documentation may be required.
4. Rate and term refinance must result in a reduced interest rate and/or a reduction in repayment term that is financially advantageous to the applicant. Requests to increase the amortization period beyond the term of the original Note will be reviewed on a case-by-case basis and approved only if risk to the City is negligible.
5. Applicants must demonstrate sufficient financial capacity to manage the proposed debt service.
6. The City will not subordinate below 2nd lien position.

7. Loan Assumption: Loans may not be assumed by a third party unless determined by City Planning Department Staff to be a necessary action in preventing a loan default. Recommendations by Staff to allow an assumption must be approved by the City Council.
8. For all subordination requests, substantial changes and proposed modifications to the existing loan terms shall be approved by City Council. Planning Department Staff can administratively approve or deny requests that do not represent a significant departure from the existing terms and operations.

C. Monitoring, Reviews and Inspections

1. For loans secured by real estate, an annual site visit may be conducted to evaluate the overall condition of the property.
2. The City will periodically inspect and review non-realty collateral for business loans based upon a risk-based assessment of need. For loans secured by furniture, fixtures, equipment and inventory or raw materials, a visit to the business may be made at the City's discretion at any time until loan maturity, following notification to the property owner a minimum of ten (10) days prior to the inspection.
3. The City may request annual income and expense reports from the businesses and borrowers assisted by the program to determine acceptable performance, and that long term operations remain viable. For projects reporting negative cash flow, a plan for remediation will be required.
4. The City and/or its authorized loan servicer, will track past due payments for all loans; if a borrower delinquency exceeds ninety (90) days, collection efforts may include legal action, and/or engagement of a collection agency. In case of prolonged or chronic delinquencies foreclosure actions may be pursued.

XVII. PROGRAM COMPLIANCE

A. Federal Requirements

The City of Oklahoma City Planning Department staff shall administer the RLF in compliance with the statutes identified in Section I. These regulations require, but are not limited to, compliance with the following:

1. Section 104 of the Housing and Community Development Act of 1974, as amended and 24 CFR Part 58, which prescribe procedures for environmental quality and historic preservation.

2. The Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157), where applicable, which prescribes standards for the design, construction, and alteration of buildings to ensure, whenever possible, that physically handicapped persons will have ready access to the use of the buildings.
3. 2 CFR Part 200 when applicable, which prescribe fiscal and contractual procedures for the administration of federal grants.
4. Nondiscrimination requirements of Title VI of the Civil Rights Act of 1964 (P.L. 88-352) and federal regulations 24 CFR Part 1 which implement the Act.
5. Equal opportunity requirements of Section 109 of the Housing and Community Development Act of 1974, and equal employment opportunity requirements of Executive Order 11246.
6. Provision of opportunities for training and employment to lower income residents of the project area and contracting opportunities for local business concerns in accordance with Section 3 of the Housing and Community Development Act of 1968.
7. Air and water acts, including the Clean Air Act, as amended (42 USC 7400 et seq.), the Federal Water Pollution Control Act, as amended (33 USC 1251, et seq.), and the regulations of the EPA, 40 CFR Part 15.
8. Lead-based paint regulations, 24 CFR Part 35, where applicable, which require the inspection of properties to determine the existence of lead-based paint on exterior or interior finishes.
9. The National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, which require that flood insurance be obtained for federally assisted projects located in flood plains.
10. Contractors or subcontractors who have been disbarred or suspended under provisions of 24 CFR Part 24 shall be ineligible for participation in the Murrah District Revitalization RLF program.

B. Other Requirements

Applicants must also comply with the following requirements:

1. Loan applicants must provide a plan for the relocation of residents who are displaced as a result of project rehabilitation or property transfer in accordance with the Uniform Relocation Act and proper disclosures must be provided *at the initiation of negotiations*.

2. Loan recipients will be required to adhere to all Oklahoma Statutes and City Codes.
3. Requirements of Section 701(a) of the Equal Credit Opportunity Act, 12 U.S.C. 1601 must be adhered to.

XVIII. CONFLICT OF INTEREST

No person who is an employee, agent, consultant, officer or elected or appointed official of either the senior lender or the City of Oklahoma City during their tenure or for one year thereafter, shall be allowed to have interest, direct or indirect, either for themselves or those with whom they have family or business ties, in the proceeds of any Murrah District Revitalization RLF, or in any contract entered into by the borrower for the performance of work financed, in whole or in part, with the proceeds of any RLF financing.