

Bahá'í Center Assistance Corp. Loan Terms and Documents

Loan Terms: The terms provided and documents required for each types of loan available through Bahá'í Center Assistance Corp. (BCA) are described below. All loan terms may be modified or additional terms added as each case warrants subject to review and approval of BCA, and in some cases, by the National Spiritual Assembly.

Loan Amount: The amount of a single loan ranges up to a maximum of \$500,000 depending on the type of loan. (See specific loan descriptions below for the maximum loan amount for a particular loan type.)

Maturity: Because of limitations on the current funds held by BCA, loans by BCA to Local Spiritual Assemblies must mature by February 2016. BCA is launching a Capitalization Program to raise additional funds, so that if sufficient capital becomes otherwise available, loans by BCA would be required to mature within 5 years. A loan would have a 15 year amortization with balloon payment. No prepayment penalty would exist.

Interest Rate: BCA loan interest rates use as a base the prime rate published in the Wall Street Journal, which is readily available online. This rate is the consensus prime rate derived from a survey of the 30 largest banks across the country. When three-quarters of these banks (23) change their prime rate, the Wall Street Journal changes its rate, effective on the day the new rate is published. The Wall Street Journal Prime (WSJP) Rate is the most widely quoted measure of the prime rate, the rate at which banks will lend money to their most-favored individual and commercial customers. The prime rate moves up or down in response to changes by the Federal Reserve Board and market conditions. On 9/30/2008, the WSJP Rate was 4.0%. BCA's rates changes accordingly. BCA reserves the right to make appropriate changes to the rates described below on a case-by-case basis.

Requirements for All BCA Loans: The following terms apply for all BCA loan types:

- The uses of the loan increase the market value of the property securing the loan.
- Loans are extended only when the borrowers are willing to make equity commitments in addition to the loan.
- The value of property securing the loan exceeds total debt (including all debt owed to Bahá'í Center Assistance (BCA)) by a minimum of 25%.
- Community readiness to assume successfully a loan obligation has been demonstrated.

Rates and Terms by Loan Type:

1. Acquisition of a Bahá'í Facility.

- **Loan amount:** The maximum amount of a loan to assist acquisition of a Bahá'í facility is \$500,000. The total loan amount is limited to 40% of the total acquisition

and modest renovation costs. Preference is given to Assemblies seeking to acquire their first Center and where the BCA loan is needed for an Assembly to acquire primary financing from a bank or other financial institution for the acquisition.

- **Interest rate:** The rate is calculated by the following factors:
 - The WSJP Rate, plus 2.50%
 - Lack of Local Spiritual Assembly credit history, up to an additional 0.50%
 - Any delinquencies or credit issues, up to an additional 1.00%
 - Loan to value under 50%, deduct 0.25%
 - Cash on hand over 50% for all purposes, deduct 0.25%
 - Payment of loan from automatic, via an account by wire, deduct 0.25%
- **Other Terms:** A second mortgage lien on the acquired facility secures the loan. Fees will be assessed to reimburse BCA, as, for example, title insurance, transfer taxes, legal fees, recording fees, etc.

2. Energy-Related Improvements

- **Loan amount:** The maximum amount of a loan to assist energy-related improvements for a Bahá'í facility is 75% of the total project cost or \$50,000, whichever is less.
- **Interest rate:** The rate is calculated by the following factors:
 - The WSJP Rate, plus 1.50%
 - Lack of Local Spiritual Assembly credit history, up to an additional 0.50%
 - Any delinquencies or credit issues, up to an additional 1.00%
 - Loan to value under 50%, deduct 0.25%
 - Cash on hand over 50% for all purposes, deduct 0.25%
 - Payment of loan from automatic, via an account by wire, deduct 0.25%
- **Other Terms:** BCA requires that the projected return of investment cost be realized in less than 36 months. Fees will be assessed to reimburse BCA for expenses.

3. Renovations

- **Loan amount:** The maximum amount of a loan to assist renovations of a Bahá'í facility is 50% of the total renovation costs or \$100,000, whichever is less.
- **Interest rate:** The rate is calculated by the following factors:
 - The WSJP Rate, plus 1.50%
 - Lack of Local Spiritual Assembly credit history, up to an additional 0.50%
 - Any delinquencies or credit issues, up to an additional 1.00%
 - Loan to value under 50%, deduct 0.25%
 - Cash on hand over 50% for all purposes, deduct 0.25%
 - Payment of loan from automatic, via an account by wire, deduct 0.25%
- **Other Terms:** Fees will be assessed to reimburse BCA for expenses.

4. Construction Shortfall Due to Unforeseen Conditions: Any loan to assist an Assembly that is constructing a facility and has a shortfall due to unforeseen conditions is determined on a case-by-case basis. The interest rate and all terms and conditions

of any such loan would be determined at that time. The loan amount would not exceed 25% of total project cost or \$150,000, whichever is less. Any such loan must also be approved by the National Spiritual Assembly.

General Loan Documents Required for All Loans:

- Completed loan application
- Latest appraisal - if over 6-12 months old, get a broker update or a new appraisal for mortgages.
- List of all outstanding obligations, list of assets and current budget
- Title insurance and/or attorney document review
- Local Spiritual Assembly status confirmation
- Non-profit designation letter and TIN
- D&B credit reports, if any
- Remedial/renovation Action Work Plan, if any work being paid for with loan
- A certificate of insurance showing that BCA and the National Spiritual Assembly are additional insured on the property insurance for the Bahá'í facility

For each loan, the following forms will be used: term sheet and commitment letter, note, mortgage or lien document, and disbursement agreement.