



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of March 17, 2007**

### **SUPPLEMENTAL REPORT**

**DATE:** March 13, 2007

**SUBJECT:** Modification of Affordable Housing Investment Fund (AHIF) Loan Terms and Conditions to AHC, Inc. for The Shelton Project.

**DISCUSSION:** Since the Board Report on this subject dated March 3, 2007, the construction lender drafted an agreement to subordinate the County's interest to the construction lender. That draft agreement contains a condition that, under specific and dire conditions, could increase the subordination amount above the \$11,000,000 ceiling specified in the earlier Board Report. Such conditions exist when the developer chooses not to continue the project and the construction lender, whose only collateral is the project, seeks to protect its interest by injecting funds in order to complete the project. Giving the construction lender the ability to protect its investment is reasonable and ordinary and, in doing so, will allow funding to move forward.

#### **Terms and Conditions**

Additions to the Terms and Conditions from the March 3, 2007 Board Report are underlined.

2. The \$4,267,449 AHIF loan shall be subordinated to construction and permanent financing not to exceed \$11,000,000 for a period of approximately 24 months from the date of closing on the financing package, until construction is completed and the construction loan is paid off, except for any increase in the face principal amount of the Bank Note above \$11,000,000 where such increase is necessary to protect the lender's lien or security interest.
  
4. Other terms and conditions previously imposed by the County Board shall remain in effect.

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: Robert Noland, David Cristeal, DCPHD