



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT

NOV 29 2016

The Honorable Anan Abu-Taleb
Mayor, Village of Oak Park
123 Madison Street
Oak Park, IL 60302

Dear Mayor Abu-Taleb:

Congratulations! I am pleased to inform you that the Village of Oak Park's (hereafter, the "Village") request for loan guarantee assistance under Section 108 of the Housing and Community Development Act of 1974, as amended, has been approved. Such assistance is to consist of the guarantee of notes or other obligations in the principal amount of \$3,000,000, plus interest thereon, which shall be issued to finance activities described in the Village's application (B-16-MC-17-0017) for the Business Loan Fund.

This offer of commitment ("Commitment") is subject, however, to the conditions specified in Item 8 of the Funding Approval (Form HUD-7082).

The first condition provides that in the event the Village fails to submit notes or other obligations for inspection and guarantee by the Secretary of Housing and Urban Development ("HUD") before March 31, 2018, the Commitment will expire as of such date.

The second condition provides that the repayment schedule for the indebtedness evidenced by the notes or other obligations (the "Guaranteed Loan") must be acceptable to HUD.

The third condition provides that the Village shall provide additional security for the Guaranteed Loan and such additional security must be acceptable to HUD. The additional security shall be identified in the Contract for Loan Guarantee Assistance ("Contract"), specified at 24 CFR 570.705(b)(1), which will be signed by HUD at the time the notes or other obligations are guaranteed. The Village's application and other supporting material identify the following additional security for the Guaranteed Loan: Pledge of the Village's interest in its business loans, as secured with personal guarantees, liens on real property and improvements, machinery and equipment, accounts receivable, inventory and other items of personal property.

Note that any real property offered as security shall be subject to loan to value ratios to be identified in the Contract and its value shall be supported by an appraisal acceptable to HUD. In addition, this condition provides that the Contract shall permit HUD to use existing pledged Community Development Block Grant ("CDBG") grants to prepay (or

defeasement) the Guaranteed Loan if HUD determines that the pledge of future CDBG funds is insufficient to assure payment of amounts due thereunder. HUD reserves the right to require further security upon evaluation of the foregoing security arrangements. If necessary, the Village may substitute other collateral security for the security described in the application (other than the pledge of CDBG funds), subject to HUD's approval of such substitution.

The fourth condition provides that prior to submitting notes or other obligations for inspection and guarantee by HUD, the Village shall submit information required under Section 102(b) of the Department of Housing and Urban Development Reform Act of 1989 (42 U.S.C. 3531). This information shall be submitted on Form HUD-2880 to HUD's Chicago Regional Office. A copy of Form HUD-2880 is enclosed for this purpose.

The fifth condition provides that the Village is required to pay a fee of 2.59% of the principal amount of loan guaranteed under this Commitment to cover the credit subsidy costs as announced in the *Federal Register* on October 4, 2016 (81 FR 68297). This fee applies to all Section 108 guaranteed loan commitments issued in Fiscal Year 2017. The fee is applied only at the time of loan disbursements. The amount to be paid at that time is equal to 2.59% of the principal amount of the requested Guaranteed Loan advance. The fee may be paid directly by the Village or, alternatively, it may be deducted from the Guaranteed Loan advance(s). If the fee is paid directly by the Village, it may be paid from CDBG grant funds drawn down under the CDBG line of credit.

The sixth condition provides that the Village and any Village-assisted public entity shall not incur any obligations to be paid with guaranteed loan funds prior to the receipt of a written determination from the HUD Chicago Regional Office that either (i) each individual activity to be undertaken or supported with loan guarantee funds meets the eligibility requirements of 24 CFR 570.703, the national objective requirements of 24 CFR 570.208 and, if applicable, the public benefit standards of 24 CFR 570.209(b), or (ii) the Regional Office has determined that the Village's procedures for assuring compliance with the program requirements are acceptable. In addition, the Village is required to follow its citizen participation requirements for activities to be paid with guaranteed loan proceeds.

The seventh condition provides that guaranteed loan funds may not be provided to a for-profit entity pursuant to 24 CFR 570.203(b) and 570.703(i) for assistance to carry out an economic development project unless such activity or project has been evaluated and selected in accordance with Appendix A to 24 CFR 570 – "Guidelines and Objectives for Evaluating Project Costs and Financial Requirements." This condition is necessary to ensure consistency in the treatment of the assistance for the activity described in the Section 108 application and the requirements that apply to grant funds pledged as security for the repayment of the Guaranteed Loan.

In addition to the special conditions cited above, the release of funds for the project to be carried out with loan guarantee assistance is conditioned upon compliance by the Village with all applicable provisions of the HUD Environmental Review Procedures (24 CFR Part 58). The Village is reminded that these Procedures include limitations on the commitment of HUD and non-HUD funds on an activity or project prior to HUD's approval of the request for release of funds and related certification of compliance with environmental requirements. Please refer to 24


CFR 58.22 for a description of the limitations and the entities to whom they apply.

Please furnish us, at the address specified below, your timetable for execution of the activities described in your application. These activities will be financed through a public offering of Section 108 guaranteed obligations. If you need funds prior to the next public offering, please notify HUD at the address below and instructions for obtaining interim financing will be provided.

Please sign the three enclosed copies of the Funding Approval (Form HUD-7082) and return two copies to the Department of Housing and Urban Development, Financial Management Division, Room 7180, 451 Seventh Street, S.W., Washington, D.C. 20410. One copy should be retained for your files. By signing the 7082, the Village's Grant Agreement for grant number B-16-MC-17-0017, as authorized by HUD on October 28, 2016, is amended to include loan guarantee assistance. The amended Grant Agreement incorporates this new Funding Approval (Form HUD-7082), the Village's loan guarantee application (B-16-MC-17-0017) for the Business Loan Fund, and Subpart M of the block grant regulations governing loan guarantees, as well as such agreements, schedules, and other documentation required for submission or execution in connection therewith.

Please do not hesitate to reach out if we can support you in the use of your Section 108 funds. Please contact Paul D. Webster, Director, Financial Management Division at (202) 402-4563, if you need assistance.

Sincerely,



Stanley Gimont, Deputy
Assistant Secretary for Grant
Programs (Acting)

Enclosures