

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7588

APPROVING THE TERMS OF A COMMERCIAL PROPERTY LOAN TO OREGON CASKET REDEVELOPMENT, LLC, IN AN AMOUNT NOT TO EXCEED \$7,000,000 FOR ACQUISITION, REHABILITATION, AND CONVERSION OF A COMMERCIAL BUILDING INTO RESIDENTIAL APARTMENTS AT 403 NW 5TH AVENUE

WHEREAS, in 2014, after extensive public outreach, Prosper Portland, City of Portland (“City”) bureaus, the Old Town Community Association, and other neighborhood stakeholders collaborated to create the Old Town/Chinatown Five-Year Action Plan (“2014 Action Plan”), which was adopted by Portland City Council (“City Council”) through Ordinance No. 186744 on August 6, 2014;

WHEREAS, on September 4, 2019, through Resolution No. 37445, the City Council adopted the Old Town/Chinatown Five-Year Action Plan Extension (“Action Plan”), extending the 2014 Action Plan through 2024;

WHEREAS, on August 14, 2019, through Resolution No. 7330, the Prosper Portland Board of Commissioners (“Board”) adopted the Action Plan;

WHEREAS, on April 26, 2023, through Resolution No. 37617, the City Council adopted Advance Portland, a five-year strategic plan for the City that calls for the promotion of inclusive economic growth, innovation, and wealth creation;

WHEREAS, the Oregon Casket Building is a five-story office building located at 403 NW 5th Avenue, Portland, in the Old Town/Chinatown district, and will be purchased and rehabilitated by Oregon Casket Redevelopment, LLC (“Borrower”);

WHEREAS, Borrower has approached Prosper Portland seeking financial assistance with a project to convert the Oregon Casket Building into a predominantly market-rate residential apartment building (the “Project”), to consist of approximately 34 dwelling units;

WHEREAS, office-to-residential conversions and the development of middle-income housing are high priorities for the City and for the Old Town/Chinatown neighborhood, and align with Advance Portland and the Action Plan; and

WHEREAS, on March 13, 2024, through Resolution No. 7525, the Prosper Portland Board adopted Commercial Property Loan Program Guidelines to establish lending parameters for property acquisition and construction loans for projects like Borrower’s (the “Guidelines”).

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to oversee the negotiation of, and to execute, a loan agreement and related documents necessary to make an acquisition and construction loan to Borrower substantially in conformance with the terms attached hereto as Exhibit A, notwithstanding the exceptions to Guidelines described in the term sheet;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the loan terms so long as such changes do not materially increase Prosper Portland’s obligations or risks, as determined by the Executive Director in consultation with Prosper Portland’s General Counsel; and

BE IT FURTHER RESOLVED, that with the affirmative vote of at least four members of the Prosper Portland Board and of all members present, this resolution will become effective immediately upon its adoption, and otherwise it will take effect thirty days after adoption.

Adopted by the Prosper Portland Commission on November 15, 2024



Pam Feigenbutz, Recording Secretary

CONSTRUCTION LOAN TERM SHEET

This Term Sheet does not and will not constitute a binding agreement and does not reflect or create any enforceable obligations. The terms set forth herein and other provisions customary for a transaction of this sort would be incorporated in one or more agreements, including the Loan Documents mentioned below, between Prosper Portland and the Borrower named below. Resolutions approving this Term Sheet will also provide for the execution of all additional documents and instruments necessary to make the loan.

Lender	Prosper Portland
Borrower	Oregon Casket Redevelopment, LLC, an Oregon limited liability company
Project Location	403 NW 5 th Ave, Portland, OR 97209
Eligible Use of Funds	Acquisition and construction costs related to rehabilitation and development of a 34-unit apartment building with one commercial space.
Loan Amount	Up to \$7,000,000.
Disbursement Period	Through June 2027
Loan Fee	2.00%
Base Interest Rate	3.00 %
Maturity	15 years (180 months)
Amortization	40 years (480 months)
Repayment	Interest-only for the first 4 years (48 months), followed by payments of principal & interest in years 5 through 15 (132 months); balloon payment at maturity.
Collateral	Deed of Trust in first position on subject property, described on the attached Schedule A.
Guaranties	(1) Empty Casket, LLC; (2) OGLLC Investments, LLC; (3) Radiant Blue, LLC; (4) Mantis 2, LLC
Guaranty Period	Through construction, until stabilization is achieved, defined as achieving at least a 1.10 DSCR.
Express Condition	Lender’s Board of Commissioners must have exercised its discretion to approve the loan in accordance with Lender’s policies and with law.
Conditions to Close	(1) Satisfactory updated project budget and plans; (2) executed Operating Agreements for each of the Guarantors; (3) Prosper Portland receipt, review, and approval of organizational documents and any agreements between Borrower, its Managing Member, and any parties benefitting from Historic Rehabilitation Tax Credits generated from rehabilitation activity of subject property.
Compliance with Policies; Affordability	The loan documents will require Borrower to comply with applicable Prosper Portland policies. The loan documents will also require that the apartment building be leased to middle incomes (up to 120% of AMI) during the term of the loan.
Exemptions to Commercial Property	(1) \$7M loan exceeds \$5M maximum CPL guideline; (2) 3% interest rate is lower than CPL guideline (10-year treasury + margin);

Loan Program Guidelines	(3) 15-year maturity exceeds 5-year construction maximum but conforms with 15-year permanent financing guideline.
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Schedule A to Construction Loan Term Sheet

Legal Description:

Lots 1, 4, 5 and 8, Block 37, COUCH'S ADDITION TO THE CITY OF PORTLAND, in the City of Portland, County of Multnomah and State of Oregon.

Commonly known as: 403 NW 5th Avenue, Portland, OR 97209

Tax Account No.: R140445