

Welcome Home Community Land Trust
Non-Binding Affordable Mortgage Lending Letter of Intent and Related Term Sheet
Between
Clark County, Nevada (County)
And
One Nevada Credit Union, Las Vegas, Nevada (One Nevada)

December 19, 2023

General Objectives

This Letter of Intent ("LOI"), and related Mortgage Term Sheet (the "Term Sheet", Attachment A incorporated by reference to this LOI) is made and entered into this 19th day of December, 2023 by and between One Nevada Credit Union, a credited union chartered under the laws of the State of Nevada ("One Nevada") and Clark County, Nevada, a political subdivision of the State of Nevada (the "County"), collectively "the Parties".

This LOI is a statement of intent only. It is not intended to and does not constitute a legally binding commitment or agreement of the Parties hereto, nor is there any separate oral agreement with respect to the subject matter hereof. A legally binding agreement for the proposed transaction can only be entered into following the execution and delivery of definitive documentation. The LOI is not intended to be all-inclusive. Any terms and conditions not specifically addressed in this LOI will be subject to further discussion between the County and One Nevada.

The County and One Nevada are interested in a possible relationship whereby One Nevada will be the preferred mortgage lender and provide "Affordable Mortgage" loans, as defined below, to income-eligible individuals in their purchase of affordable homes under the County's program to be known as the "Welcome Home Community Land Trust (CLT)" (the "CLT"). One Nevada is interested in potentially participating in the CLT subject to completing its due diligence related to logistics, contracts, and potential liability.

The first subdivision or Phase I under the CLT program is anticipated to be located on Rebecca Street (the "Rebecca Street Project") in the City of Las Vegas and will consist of approximately 30 homes. The Rebecca Street Project will consist of single-family homes located on leased land from the CLT with income, occupancy, and resale restrictions in place. The County will select developers to build and sell the homes for each planned subdivision. Developers, under a Development Agreement with the County, will be responsible for planning, predevelopment, construction, and sale, with the assistance of the "CLT Program Manager", as defined below, of the homes, and construction and conveyance to the County of Project Infrastructure (e.g., roads, water, power, sewer, other utilities, street lighting, community amenities, landscaping).

Eligibility and Terms

Homebuyers will own their homes, pay mortgages, property taxes, and build equity. The County will continue to own the land. Individual homeowner parcels will be ground-leased to the Homebuyers, with 99-year income, resale and occupancy restrictions. This shared ownership model will allow the County to ensure that the resale of the homes will be restricted only to qualified low to moderate-income buyers, thereby creating a permanent supply of affordable homes for generations to come. Though the homes will be kept affordable, the homeowner will have the opportunity to build equity through the amortized payments on their first mortgage, plus potential price appreciation assisted with increases in the County's Area Median Income (AMI as defined below) over time.

It is anticipated that the average sales price of the homes in the Rebecca Street Project will be approximately \$273,700 - \$347,700 for a family of four at or up to 100% Area Median Income, based on the 2023, or 2024 Area Median Income for the Las Vegas-Henderson-Paradise MSA ("AMI"), as published annually by the U.S. Department of Housing and Urban Development ("HUD"), or a comparable successor AMI publication. The maximum affordable sales price, (the "Affordable Sales Price") for households at or below 100% AMI will be calculated as follows:

"Monthly Affordable Housing Expense" shall be calculated as one-twelfth of 35% of 100% of AMI in the year of sale, adjusted by household size according to the number of bedrooms in the unit listed below using the following HUD household size adjustment factors (1 person=0.7, 2 persons=0.8; 3 persons=0.9; 4 persons=1.0; 5 persons=1.08;).

This formula will be used to calculate the Affordable Mortgage, based on the then current AMI and the One Nevada CLT Mortgage interest rate at time of origination. The Maximum Affordable Sales Price formula for households at both 100% and 80% AMI is detailed in Attachment B and incorporated by reference to this LOI. The Affordable Sales Price will equal the Affordable Mortgage plus up to a 5% Homebuyer down payment. The Affordable Sales Price will not exceed the Home's Fair Market Value at the time of resale, as determined by appraisal, with resale restrictions in place.

In determining the Homebuyer's Monthly Affordable Housing Expense, the following items will be added to the proposed mortgage payment: Property taxes; Property insurance; Clark County CLT Ground Lease fee, including homeowner association dues, if any, and landscape maintenance fee, if any. The County will then determine, utilizing the current market mortgage rate, the Homebuyer's Affordable Monthly Mortgage Payment. (See Attachment B.))

CLT Program Manager

The County will either act as or contract with an experienced provider(s) ("CLT Program Manager") to counsel and qualify prospective buyers, guide them through the mortgage finance and home buying process, and provide continuing homeowner support and CLT asset management services to the County. The CLT Program Manager will also be responsible, in partnership with the developer, for marketing the CLT program to prospective buyers. Before receiving any Mortgage Loan, a borrower must have completed a Homebuyer education course certified by the CLT Program Manager. Approved courses must follow a standardized curriculum. In addition, after the purchase and as a condition of closing, the Borrower must complete an approved in-person post-purchase education program within 12 months of closing, provided or certified by the CLT Program Manager. Approved courses must follow a standardized curriculum.

One Nevada: A Preferred CLT Program Lender

One Nevada intends to be the preferred mortgage lender for the Rebecca Street Project. The Borrower shall not be bound to use One Nevada as its lender and may select another lender at the Borrower's sole discretion. If the Borrower selects One Nevada as its lender, for a Borrower to qualify for an Affordable Mortgage, the Borrower will be required to become a member of One Nevada, meet the County's eligibility requirements for the CLT, as determined by the CLT Program Manager, and meet One Nevada's minimum mortgage loan requirements.

As the preferred lender, One Nevada will fund, subject to the proposed Homebuyers meeting all of One Nevada's qualifications for the mortgage, up to 30 mortgages, with a combined original principal balance of approximately \$10 million. These mortgages will only be made to qualified, income-eligible Homebuyers, as determined by the CLT Program Manager and One Nevada, for a home in the Rebecca Street Project.

In selecting the Homebuyers, the CLT Program Manager will look at the following criteria: Eligible Homebuyers must be first-time Homebuyers with a maximum household income, adjusted for household size and occupancy standards of up to 100% AMI current at the time of purchase. The County may specify that a certain number or percentage of Homebuyers must fall at or below 80% of AMI for Phase I homes.

To qualify for a Mortgage Loan, the loan to value will be a maximum of 95% of the appraised value, with resale restrictions on the Improvements. The Parties may agree on provisions for a higher loan to value ratio in selected cases. The CLT Program Manager shall prepare a list of pre-approved appraisers experienced with the valuation of price-restricted homes for use in the CLT program. The Homebuyer would be required to provide a down payment of up to 5% of the Affordable Sales Price from the Homebuyer's own funds.

At closing, maximum housing debt and total household debt-to-income ratios are [33/38], with housing debt ratio exceptions allowed up to [36] percent, and maximum total household debt-to-income ratios of up to [40] percent. One Nevada, the CLT Program Manager, and the County will agree on allowable housing and total debt-to-income ratio maximums. However, all Affordable Mortgages shall meet Federal Housing Finance Agency (FHFA) Ability to Repay/Qualified Mortgage (ATR/QM) standards.

One Nevada will offer to these qualified, income-eligible, first time Homebuyers an Affordable Mortgage as a first position 30 Year fixed rate fully amortizing mortgage purchase loan with no negative amortization for income- and resale-restricted homes ("Improvements") located on parcels ("Parcel") ground-leased by Homebuyer ("Lessee") from the Clark County Community Land Trust (CLT: "Lessor"). Clark County CLT will own the Land, and the Homebuyer will own the Improvements. One Nevada will finance, and be secured by, the Improvements only. The Mortgage Loan can be prepaid anytime without penalty to the Homebuyer.

No points will be charged to the Homebuyer. The interest rate charged by One Nevada will be 30 basis points below the 30-year fixed rate reported in the Freddie Mac Weekly Primary Mortgage Market Survey PMMS® for the 30-year fixed rate mortgage (30-yr FRM), or its comparable successor index, on the date of closing for each Affordable Mortgage. Closing costs will be paid by Homebuyer (e.g., title, escrow, appraisal, transfer tax, recording fees). One Nevada and the County will agree on acceptable, reasonable, and customary closing costs.

Affordable Mortgages will be originated by One Nevada using standardized loan documents consistent with current Clark County CLT program guidelines and documents, including the Clark County CLT Homebuyer Ground Lease and Deed Restriction. These documents will be recorded against each parcel by the County. The documents will include the Deed Restriction governing resale of CLT homes, including in the event of foreclosure by One Nevada. An escrow will be opened with a title company located in Clark County, Nevada and the escrow company shall issue title insurance on the property and record all documents securing the property, including but not limited to the first deed of trust. The Borrower shall be responsible for all escrow and title insurance costs.

Homebuyer Ground Leases /Foreclosure

Clark County CLT, as the Lessor, will execute a "Homebuyer Ground Lease," (draft of Homebuyer Ground Lease is Attachment C), incorporated by reference in this LOI, with each qualified Homebuyer (Lessee) for each Parcel. The County will record a Deed Restriction, which shall include a resale restriction, on each Parcel, incorporated by reference to this LOI as Attachment D. The Homebuyer Ground Lease, Deed Restriction, and other County-recorded documents, if any, on each Parcel will not be subordinated to the interests of One Nevada or the Affordable Mortgage. The Homebuyer Ground Lease and the Deed Restriction, each including the resale restriction, will survive foreclosure or deed in lieu of foreclosure by the mortgage lender or any servicer of the Affordable Mortgage. However, One Nevada, or any subsequent servicer of the Affordable Mortgage, will have the right to foreclose on the Improvements and sell the Improvements. In the event of such foreclosure, resale shall be subject to the requirements of the Homebuyer Ground Lease and the Deed Restriction.

Notice and Cure Rights of the County

Prior to any foreclosure, One Nevada will provide Clark County, and/or the Clark County CLT, a notice of default, and Clark County shall have the right but not the obligation to:

- (1) cure any Homebuyer mortgage default;
- (2) purchase the Improvements from One Nevada in the event of foreclosure or deed in lieu of foreclosure by paying to One Nevada the outstanding principal balance of any foreclosed loan; or
- (3) make payment(s) to keep Homebuyer current on the mortgage principal and interest payments.

Clark County is anticipated to formulate policies in conjunction with One Nevada on the terms and conditions of remedying defaulted loans. The CLT Program Manager and the County will be notified by One Nevada via email whenever a loan becomes delinquent, no later than the same date the Borrower is so notified. The CLT Program Manager will then immediately attempt contact with the defaulting Borrower to provide needed counseling, default cure, and loan resolution.

Mortgage Loan Servicing and Reporting

An electronic report containing the property address, mailing address, unpaid principal balance, next payment due date, default status, and payment in full date for each Affordable Mortgage must be submitted by the current loan servicer to the County and the CLT Program Manager every month. A master servicer may be added to the program at a later date.

Servicing may be retained by One Nevada or, at its discretion, sold or contracted to a third party or affiliated servicer. If servicing rights are sold or contracted, the new mortgage servicing agent will be bound by the same reporting requirements, notice and cure rights to the County and CLT Program Manager, the same resale restrictions, and the same non-subordination requirements of the Homebuyer Ground Lease and Deed Restriction including resale restriction.

Second Mortgages Funded at Clark County's Discretion

Clark County may provide a second mortgage, deferred payment financing to income-eligible Homebuyers ("Second Mortgage Financing"). Second Mortgage Financing terms will include zero interest, deferred principal payment to the earliest of maturity, sale, transfer, refinance or default on first mortgage financing, ground lease, and/or Second Mortgage Financing. The County may require that, upon default, second mortgage interest shall accrue at a 3% simple interest rate. Resale restrictions to income-eligible buyers at an Affordable Sales Price will be imposed as a condition to any Second Mortgage Financing, identical to the Homebuyer Ground Lease and Deed Restriction. At County's discretion, the Second Mortgage Financing may be assumable by new income-eligible Homebuyers. Each Second Mortgage, when provided by the County, will be subordinate to the corresponding One Nevada Affordable Mortgage. The Borrower will make no payments to the County on the Second Mortgage Financing while the Lender's Mortgage is outstanding.

LOI Subject to Approval of County Ground Lease and Deed Restriction

This Letter of Intent is subject to final approval, by One Nevada, of Clark County's CLT Documents including the Homebuyer Ground Lease and the Deed Restriction.

WITNESS WHEREOF, the Parties have executed this LOI, with its Attachments incorporated by reference, on the date first set forth above.

One Nevada Credit Union

Clark County

By: _____
Paul Parrish, CEO

By: _____
Jim Gibson, Chair

Attachment A: Mortgage Term Sheet
Attachment B: Maximum Affordable Sales Price
Attachment C: Homebuyer Ground Lease (to be completed)
Attachment D: Deed Restriction (to be completed)

Attachment A
MORTGAGE TERM SHEET
WELCOME HOME
CLARK COUNTY COMMUNITY LAND TRUST

Product: 30 Year fixed rate mortgage purchase loan ("Mortgage Loan") for income- and resale-restricted homes ("Improvements") located on parcels ("Property") ground-leased by Homebuyer ("Lessee") from the Clark County Community Land Trust (CLT: "Lessor"). Clark County CLT will own the Property. Homebuyer will own the Improvements. Mortgage Loan will finance, and be secured by, the Improvements only.

Mortgage Collateral:

Senior security interest in Improvements only. No mortgage lender security interest, lien or other encumbrance on Property.

Clark County CLT Ground Lease and Property Ownership Interest Not Subordinated to Mortgage Lender or Mortgage Loan:

Clark County CLT (Lessor) will execute a "Ground Lease" with each qualified Homebuyer (Lessee) for each Property (parcel). The Ground Lease, and related documents (Deed Restriction, Regulatory Agreement, if any) will not be subordinated to the interests of the mortgage lender or the Mortgage Loan. The Ground Lease and all its restrictions and requirements on the Improvements will survive foreclosure or deed in lieu of foreclosure by the mortgage lender.

Clark County CLT Notice and Cure Rights:

Clark County, and/or the Clark County CLT, shall maintain notice and cure rights but have no obligation to: (1) correct any Homebuyer mortgage default; (2) purchase the Improvements from the mortgage lender in the event of foreclosure or deed in lieu of foreclosure by paying to Mortgage Lender the outstanding principal balance of any foreclosed loan; or (3) make payment(s) to keep Homebuyer current of mortgage principal and interest payments. Mortgage lender must notify Clark County and/or Clark County CLT of any default, pending foreclosure, loan modification, foreclosure, or deed in lieu of foreclosure filing by the mortgage lender or its representatives.

Term: 30-year fully amortizing

No Negative Amortization**No Prepayment Penalty**

- Maximum Pricing:** 30 basis points below the 30-year fixed rate reported in the Freddie Mac Weekly Primary Mortgage Market Survey.
- Points:** No points may be charged to the borrower.
- Closing Costs:** Customary single family mortgage closing costs to be paid by Homebuyer (e.g., title, escrow, appraisal, transfer tax, recording fees). Closing cost assistance may be considered from the County or third parties, including the mortgage lender.
- Loan to Value:** Maximum [95] percent of the appraised value, with resale restrictions in place, of the Improvements.
- Appraisals:** The CLT Program Manager shall prepare a list of pre-approved appraisers experienced with the valuation of price-restricted homes for use in the Welcome Home program.
- Property type:** Single-family homes located on leased Property from the CLT, with income, occupancy and resale restrictions in place
- Eligible borrowers:** First-time Homebuyers, as defined, with maximum household income, adjusted for household size and occupancy standards, of 100 percent of Las Vegas-Henderson-Paradise NV MSA Area Median Income ("AMI") current at time of purchase.

Affordable Purchase Price:

The maximum sales price (the "Affordable Sales Price") shall be calculated as follows:

1. "Monthly Affordable Housing Expense" shall be calculated as one-twelfth of 35% of 100% of AMI in the year of sale adjusted by household size according to the number of bedrooms in the unit listed below using the following HUD household size adjustment factors (1 person=0.7, 2 persons=0.8; 3 persons=0.9; 4 persons=1.0; 5 persons=1.08;)

Studio unit:	household size of two persons
One-bedroom unit:	household size of two persons
Two-bedroom unit:	household size of three persons
Three-bedroom unit:	household size of four persons
Four-bedroom unit:	household size of five persons

2. The following monthly costs will be deducted from Monthly Affordable Housing Expense as calculated or estimated by the County at the time of sale:
 - a. Property taxes
 - b. Property insurance
 - c. Clark County CLT Ground Lease fee, including homeowner association dues, if any, landscape maintenance fee, if any
3. The result of the calculation in 2. above will be the “Affordable Monthly Mortgage Payment”. The “Affordable Mortgage” will be determined based on the Affordable Monthly Mortgage Payment and prevailing interest rates at the time of sale for a 30-year, fixed interest-rate mortgage. (See “Maximum Pricing” above.)
4. The Affordable Sales Price will equal the Affordable Mortgage plus a 5% Homebuyer down payment.
5. The Affordable Sales Price will not exceed the Fair Market Value of the home at the time of resale, as determined by appraisal, with resale restriction in place.
6. Buyers may be required additionally to pay closing costs on the finance and Transfer of the Residence above the Affordable Sales Price.

Credit score: Minimum representative FICO scores of [640]; [alternative credit allowed for borrowers with thin files].

Maximum Housing and Total Debt-to-Income Underwriting Ratios:

At closing, maximum housing and debt to income ratios are [33/38] with housing ratio exceptions allowed up to [36] percent and debt ratios of up to [40] percent at closing. Mortgages shall meet FHFA Ability to Repay/Qualified Mortgage (ATR/QM) standards.

Down Payment Requirement:

3%-5% of Affordable Sales Price from Homebuyer’s own funds;

Down Payment Assistance:

Permitted

Points:

No points may be charged Homebuyer by mortgage lender or any other third party

Subordinate liens:

Clark County may provide second mortgage, deferred payment financing to income-eligible Homebuyers ("Second Mortgage Financing"). Second Mortgage Financing terms will include zero interest, deferred principal payment to the earliest of maturity, sale, refinance or default on first mortgage financing, ground lease and/or Second Mortgage Financing. County may require that, upon default, second mortgage interest shall accrue at 3% simple interest rate. Resale restrictions to income-eligible buyers at Affordable Purchase Price. May be assumable by income-eligible new Homebuyer, at County's discretion. Second Mortgage Financing may be subordinate to Mortgage Loan.

Pre-purchase homebuyer education:

Borrower must have successfully completed a homebuyer education course certified by the CLT Program Manager contracted to the County. Approved courses must follow a standardized curriculum.

Post-purchase homebuyer education:

As a condition of closing borrower must complete an approved in-person post-purchase education program within 12 months of closing, provided or certified by CLT Program Manager contracted to the County. Approved courses must follow a standardized curriculum.

Delinquency counseling and intervention:

CLT Program Manager contracted to the County is notified online via online system whenever a loan becomes delinquent. The CLT Program Manager immediately attempts contact with the delinquent borrower to provide needed counseling and loan resolution.

Loan origination:

Mortgages are originated by participating lenders on standardized documents in accordance with current Clark County CLT program guidelines and documents, including Clark County CLT Ground Lease, Deed Restriction, Regulatory Agreement, Second Mortgage Finance documents (Note, Deed of Trust, Loan Agreement, Deed Restriction, collectively "CLT Documents".)

Loan Servicing:

Servicing is retained by the originating lender. An electronic report containing property address, mailing address, unpaid principal balance, next payment due date, default status, and payment in full date must be submitted to Clark County CLT and CLT Program Manager on a monthly basis. A master servicer may be added to the program at a later date.

Attachment B

[illegible]

(1) HUD Median Income For Las Vegas-Henderson-Paradise NV MSA for 2023.

(2) Percentage of assessed value, assuming assessed value is set at affordable sales price.

(3) Used to calculate property taxes.

Source: Clark County Community Land Trust

Updated annually as HUD incomes change