

EXHIBIT B**BUDGET DETAIL AND PAYMENT PROVISIONS****1. Terms of Loan**

- A. **Principal Amount:** The principal amount of the Loan shall be the lesser of (i) the principal amount as stated in the Award Letter, or (ii) the amount later approved by the Department as consistent with the requirements of the Guidelines, which incorporate section 7307 of the Multifamily Housing Program Guidelines by reference.
- B. **Interest and Payment:** The Loan shall bear interest at the rate and be payable as provided in section 104 of the Guidelines, which incorporates section 7308 of the Multifamily Housing Program Guidelines by reference, and under the terms of the Department's promissory note to be executed at loan closing. The Loan may not be prepaid without the prior written consent of the Department.

2. Invoicing and Payment

- A. **All Loan proceeds shall be disbursed through an independent escrow/title company. The Department shall prepare and submit instructions to the escrow holder, detailing the requirements for the release of Loan proceeds to the Borrower.**
- B. The Loan shall be released through escrow upon the Department's approval of the estimated settlement statement and the satisfaction of the terms of the Award Letter and this Agreement. HCD reserves the right to retain ten (10) percent of the approved loan proceeds pending receipt and acceptance of any remaining loan closing checklist items.

3. Payees

- A. Payee Data Record Form must be filled out by each Recipient receiving loan funds. All payees receiving loan funds are listed in Exhibit E of this Agreement as provision Ex. B-E.1.