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Top 10 Construction Loan Provisions

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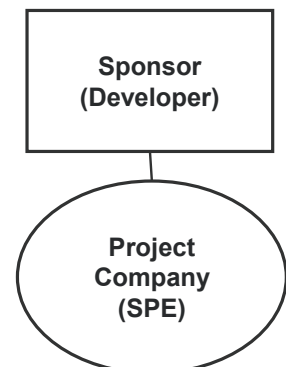
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Project Financing Basics

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The Basics: What is Project Financing?

- Technique for financing capital-intensive projects that are either difficult to support on a Developer's corporate balance sheet or are more attractive when financed separately
- Sponsor (the Developer) creates subsidiary Special Purpose Entity ("SPE") to hold the project's assets



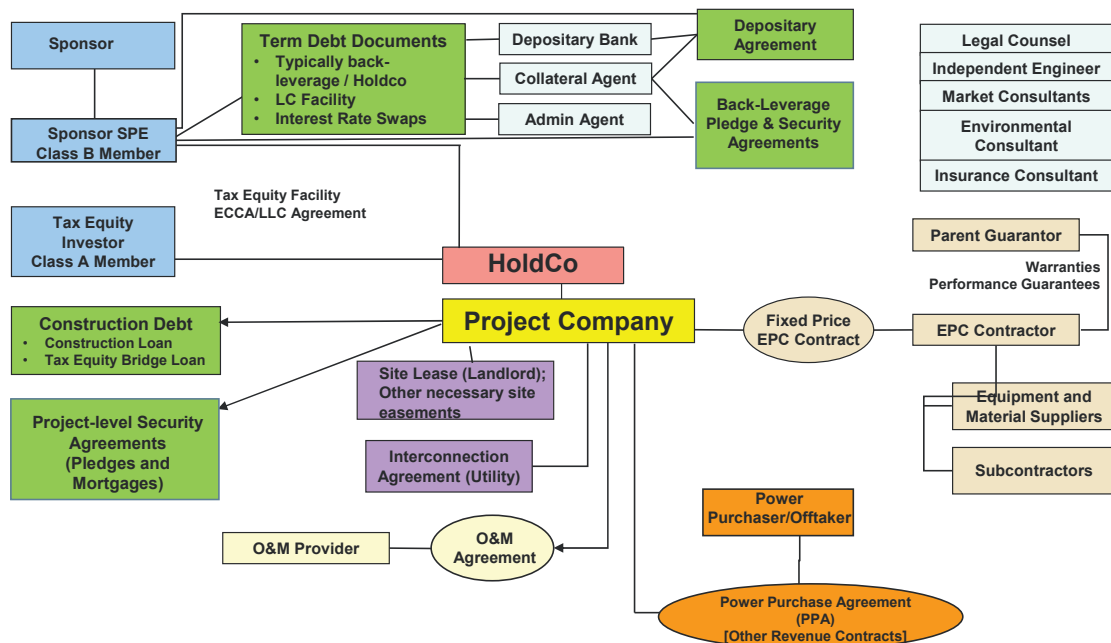
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The Basics: What is Project Financing?

- Equity in SPE comes from Sponsor and outside parties
- “Tax Equity” investor provides additional equity funding subject to requirements of tax equity documentation
- Debt is provided to SPE based on the economic viability of the project and the strength of project contracts
- Risks borne by project parties / counterparties key credit
- Recourse limited to SPE’s assets and cash flow (not to Sponsor)

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Parties to the Transaction



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