

Synovus Bank
800 Shades Creek Parkway
Birmingham, AL 35209



May 12, 2025

Mr. Kevin Connelly
Brookdale Place, LP
125 Old Chapin Rd
Lexington, SC 29072

Re: Brookdale Place Apartments

Dear Mr. Connelly:

Synovus Bank is pleased to offer you the following Letter of Intent based on information received to date. We appreciate the opportunity to work with you as a provider of tax credit equity and related debt products. The purpose of this Letter of Intent is to generally describe an investment or loan Synovus Bank is considering. These terms are subject to change upon the completion of the Bank's due diligence, and as may be required pursuant to the Bank's applicable investment criteria, credit policies, or underwriting standards as may be in effect from time to time, along with other factors relevant to making an investment or lending decision. This correspondence is not a commitment to lend or invest, and no commitment to lend or invest will exist prior to receipt and analysis of all due diligence items and formal credit approval.

Investment Entity: Brookdale Place, LP (the "Partnership"), having Brookdale One, LLC as General Partner, with a 0.01% ownership interest in the Partnership, an entity owned by Synovus Bank, as Federal Investor Limited Partner with a 99.98% ownership interest in the Partnership and an entity owned by Synovus Bank, as State Investor Limited Partner with a 0.01% ownership interest in the Partnership.

Project Description: Brookdale Place Apartments, an 80-unit affordable apartment complex to be located in Columbia, Richland County, SC.

Tax Credits Available: $\$1,725,251.28 \times 99.99\% = \$17,250,788$ (Federal)

Tax Credit Price: \$0.80
(Federal)

Total Capital Contribution: \$13,799,250

- A. Capital Contribution #1: **(20%)** at Partnership Closing funded on an as-needed construction draw basis throughout the construction period.
- B. Capital Contribution #2: **(75%)** at 100% lien free completion and receipt of final certificates of occupancy.

- C. Capital Contribution #3: **(5%)** At the later of receipt of Cost Certification, conversion to permanent loan, 1.20x DSC Ratio for 90 consecutive days and 100% tax credit qualified tenants. \$50,000 will be held back until receipt of final 8609's.

State Credit Investor: It is anticipated that 100% of the State Tax Credit investment equity will be provided by a TBD State Credit Investor owned by Synovus Bank. State tax credit capital contributions will be funded pari passu with the federal tax credit capital contributions.

State Tax Credit Price:

The State Credit Investor is expected to receive \$9,186,130 in state credits and pay at least **\$0.45 per credit** for the state tax credits resulting in a purchase price of \$4,135,138 for the state credits. A state tax credit price above the stated amount may be negotiated with the state investor. The state credit investor will also be required to purchase 0.01% of the Federal Credits at a purchase price of **\$0.80 per credit**, or \$1,380 resulting in a total capital contribution from the State Credit Investor of **\$4,136,518**.

Developer Fees:

A fee paid to the developer in the amount of \$1,850,000 shall be payable in accordance with the below schedule. All percentages represent the amount of cash paid developer fee which excludes any projected deferred developer fee.

- A. Developer Fee Payment #1: **(25%)** at Partnership Closing.
- B. Developer Fee Payment #2: **(25%)** at 100% lien free completion and receipt of final certificates of occupancy.
- C. Developer Fee Payment #3: **(50%)** At the later of receipt of Cost Certification, conversion to permanent loan, 1.20x DSC Ratio for 90 consecutive days and 100% tax credit qualified tenants. \$50,000 will be held back until receipt of final 8609's.

Asset Management Fee:

Asset management fees will be \$6,000 per year with a 3% annual escalation.

Cash Flow Split:

Cash Flow shall be distributed as follows after all other expenses and asset management fees have been paid:

- A. 89.00% to General Partner.
- B. 10.00% to Federal Investor Limited Partner.
- C. 1.0% to State Investor Limited Partner

Residual Split:

Any gain upon sale or refinancing shall be distributed as follows:

- A. 89.00% to General Partner.
- B. 10.00% to Federal Investor Limited Partner.
- C. 1.0% to State Investor Limited Partner

Replacement

\$300 per unit per year.

Reserves:

Guaranties:

A. Operating Deficit Guaranty: Unlimited operating deficit guaranty from Kevin Connelly and any other guarantor deemed necessary by Synovus Bank until the latter of i) the achievement of a 1.20x debt service coverage ratio for 90 consecutive days, ii) permanent loan conversion and iii) receipt of Form(s) 8609s. Once achieved, the operating deficit guaranty will be capped in the amount of the required operating deficit reserve and will remain in effect for 60 months. The guaranty will be eliminated if the project averages above a 1.20x debt service coverage ratio for the last 12 months of the 60-month period or any subsequent period and the operating deficit reserve is fully funded.

B. Development Completion Guaranty: There will be a 100% guaranty by Kevin Connelly, the general contractor and any other guarantor deemed necessary by Synovus Bank for the completion of construction of the project substantially in accordance with plans and specifications approved by Synovus Bank, including, without limitation, a guaranty (i) to pay any amounts needed in excess of the construction loan and other available proceeds to complete the improvements and (ii) to pay any operating deficits prior to conclusion of construction completion.

C. Tax Credit Guaranty: There will be an unlimited tax credit guaranty by Kevin Connelly and any other guarantor deemed necessary by Synovus Bank for the compliance period.

D. Guaranty of General Partner's Obligation: Kevin Connelly and any other guarantor deemed necessary by Synovus Bank shall guarantee certain obligations of the General Partner under the Partnership Agreement to contribute capital to pay any unpaid, deferred development fee and to fulfill the repurchase obligation under certain circumstances. The General Partner may reduce the developer fee at cost certification if needed.

Other Notes and Conditions:

Synovus Bank's investment is based upon the receipt, review and approval of the following information:

- A. Contingent upon receipt, review and approval of environment reports (including testing for lead based paint, asbestos and black mold as applicable) and geological reports, site inspection, appraisal, market study supporting lease-up schedule, personal and/or corporate financial statements on the General Partner, general contractor and guarantor(s), management company review, revised construction budgets, contractor, contract, and cash flow.
- B. Synovus will engage an inspecting engineer to review the project and plans and specs prior to partnership close. The cost of this service will be paid by the partnership. If an acceptable

appraisal is not required by the lender, the cost of an appraisal will also be paid by the partnership. The costs of inspections on monthly draws will be the cost of the partnership if not available from permanent lender. In addition, all legal fees will be paid by the partnership.

- C. To help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person or corporation who opens an account and/or enters into a business relationship.
- D. If the project has soft debt financing, Synovus Bank may require a residual analysis that shows that any soft debt financing will be repaid at the end of the respective soft debt term.

Operating Deficit Reserve:

An operating deficit reserve of no less than six months of operating expenses and debt service will be set up at Synovus Bank as a condition of the final equity installment at stabilization.

Construction Lender:

It is expected that Synovus Bank will provide construction financing on the project.

Timing Adjusters:

Timing adjusters will be included in the LPA.

Deposits:

It is expected that an appropriate deposit relationship will be maintained with Synovus Bank.

Expiration:

This Letter shall expire 30 days from the date of issuance unless re-affirmed by Synovus Bank.

At your convenience, please send an executed copy of this Letter of Intent to Synovus Bank. Upon receipt, Synovus Bank will begin the due diligence process and prepare a Partnership Agreement and related documents consistent with the terms and conditions set forth above.

Again, thank you for your time and we appreciate the opportunity to work with you.

Very truly yours,



C. Reed Dolihite
Director
Synovus Bank

Agreed and Accepted this Day:

By: _____

Date: 5/6/25

Its: Manager