



America's Most Convenient Bank®

104 S. Main Street  
Suite 601  
Greenville, SC 29601

Expression of Interest for Proposed Credit Accommodations ("Loan")

May 14, 2025

**This letter represents an Expression of Interest and is not a commitment for financing. The Lender's willingness to pursue financing is contingent upon the completion of associated due diligence, a formal credit review, and a presentation to the Lender's loan approval authorities. Approval is also subject to the receipt and satisfactory review of appraisal, property condition report, environmental site assessments, and any other Bank requirements for a project of this nature.**

**Sponsor:** Schaumber Development LLC

**Borrower:** HD The Palms, LLC

**Lender:** TD Bank NA ("Lender" or "Bank")

**Amount:** \$15,700,000 Construction financing not to exceed an LTV of 80%, taking the as-complete value of the development subject to regulatory rent restrictions plus the value of Low-Income Housing Tax Credits into account, to finance a portion of the Total Development Cost for the Project. Equity to pay for the balance of project costs, net of any deferred Developer Fee, will be provided through the sale of Low-Income Housing Tax Credits.

**Interest rate:** One Month Term SOFR plus 2.25%. As of 5/14/2025, the One Month SOFR rate is 4.325%.

**Fee:** Origination fee of 50 basis points

**Type:** Non-Revolving construction loan to provide bridge financing of Low-Income Housing Tax Credits

**Purpose:** To provide financing for construction of Project

**Property:** Land and improvements located at 1525 Oak Street, Myrtle Beach, South Carolina ("Property").

**Permanent Financing:** Prior to closing, the Bank shall be provided with a commitment outlining the terms corresponding to the permanent financing ("take – out") for \$1,835,000 and a commitment for \$540,000 from the City of Myrtle Beach of combined fee waivers and secondary debt.

**Project:** 54-unit apartment complex at 1525 Oak Street, Myrtle Beach, South Carolina ("Project").

**Initial Term** The initial loan term will be 24 months.

**Extension Option:** One 6-month extension option, subject to:

- ï Completion of construction
- ï No event of default
- ï Satisfaction of all Sponsor and Guarantor Financial Covenants
- ï Interest reserve funded to carry interest through the extension period.
- ï Funding of the "Completion Equity Installment" from Red Stone Equity
- ï All permanent financing sources remain committed and available through the extension term.
- ï \$10,000 Fee

**Payment:** During construction, payments of interest only due monthly.

**Initial Equity:** Equity of at least \$2,643,537 from the sale of tax credits.

HAP Contract: Prior to closing, the lender shall receive a Housing and Assistance Payments ("HAP") Contract for at least 25 of the units.

**Stabilization:** Month #20

**Maturity:** 24 months from closing

**Guarantors:** Peter C. Schaumber, and Schaumber Development will be the guarantors for the loan, joint and several, along with any other guarantors if deemed necessary. Guarantor covenants will be determined.

**Repayment Guaranty:** Repayment guaranty equal to 100% of principal.

**Completion Guaranty:** The Guarantors shall provide an unconditional guaranty of lien-free completion with respect to the due, prompt and punctual construction completion of the Project.

**Interest Carry Guaranty:** The Guarantor shall provide a Carry Guaranty, which is inclusive of interest payments, real estate taxes, and any other expense required to reasonably operate the Project.

**Construction Disbursement Account:** Borrower will be required to establish an disbursement account with Lender for all construction draws. In addition, any equity funds or other project funds shall be disbursed directly to the account (except initial equity installment and developer fees) and will be advanced to the Borrower in accordance with the Lender's draw requisition and advance procedures at the bank's sole discretion.

**Collateral:** Security for the Loan shall include, without limitation, the following:

- a) Title insured first mortgage on the Property acceptable to Lender.
- b) A first security interest in all fixtures, furnishings and equipment and other personal property used in connection with the premises and improvements and owned by Borrower.
- c) A first collateral assignment and pledge of all leases (including any collateral or security for such leases), subleases, rents, operating accounts, collateral account maintained for reserves and profits for the Property.
- d) Assignment of all permits, licenses, contracts and agreements associated with the development, ownership and operation of the Property.
- e) Customary collateral assignments of any other rights or property used in connection with the ownership or operation of the Property and deemed commercially reasonably prudent by the Lender.
- f) First Assignment of Proceeds of from the Sale of the Low-Income Housing Tax Credits
- g) First Assignment of all permanent financing commitments

**Fees and Expenses.** The borrower will be responsible for all fees and expenses.

**Insurance:** Borrower shall at all times maintain insurance policies, in amounts and from insurers reasonably satisfactory to Lender in all respects, including an "All Risk Peril" policy (including terrorism, flood (if the property is located in a special flood hazard area), earthquake


coverage (if applicable), and storm damage coverage) for 100% of the replacement cost of the Property, Builders Risk, business interruption/rental loss coverage, worker's compensation coverage, pollution and remediation insurance, and general and excess liability coverage, each of which shall name Lender, as lender's Loss Payee or Additional Insured, as applicable. Lender shall have the right to require additional types and amounts of coverage.

The Insurance and Lender required endorsements are subject to review and acceptance by Lender's third-party insurance consultant, at the Borrower's expense.

This Expression of Interest does not represent an offer or a commitment by the Lenders, or any of their affiliates, for the proposed financing, nor does it define all of the terms and conditions of any commitment but is a framework upon which a loan request may be submitted. The implementation of certain terms, conditions, covenants or other non-material changes to the proposed Expression of Interest required as part of Lender's formal credit approval shall be deemed an approval in substantially the form outlined in this proposed Expression of Interest.

Please contact me at 843-224-0322 if you have any further questions regarding this matter.

Regards,



Suzanne Lynch  
Vice President  
TD Bank N.A.