MONARCH PRIVATE CAPITAL
Monarch Plaza
3414 Peachtree Road, Suite 825
Atlanta, GA 30326

May 13, 2025

Schaumber Development
Attn: Mr. Drew Schaumber
PO Box 9160
Greenville, SC 29609

Re: **The Palms at Oak Street - Term Sheet**
South Carolina Housing Tax Credit Equity Investment

Dear Mr. Schaumber:

This term sheet (the "Term Sheet") is submitted on behalf of Monarch Private Capital, LLC, or an affiliated entity ("MPC"). This Term Sheet is merely an outline of the principal terms and conditions under which MPC would obtain a membership interest in a special purpose investment entity (the "Company") sponsored by Schaumber Development (the "Sponsor") in exchange for equity capital to be used in connection with the development of the Palms at Oak Street project in a manner that qualifies for South Carolina housing tax credits under Section 12-6-3795 of Code of Laws of South Carolina (the "State Credits"). This Term Sheet shall not be construed as a commitment, representation or contract that is legally binding upon the parties and no cause of action shall arise as a result of this Term Sheet; provided, however, the terms and conditions set forth in the "*Transaction Costs*," "*Exclusivity*," and "*Governing Law*" provisions below shall be legally binding on and enforceable against each party. Should the terms of this Term Sheet be acceptable to you, appropriate documentation setting forth the terms and conditions shall be prepared for review and approval by the parties, including, but not limited to, the Company's operating agreement.

Project Description	The development of the Palms Oak Street project located in Myrtle Beach, SC into a 54-unit multi-family community (the "Project"). The Project will be owned directly or indirectly by the Company and developed and managed by one or more affiliates of the Sponsor in a manner that qualifies for State Credits for the Company.
State Credits	The Company expects to receive State Credits in the amount of \$750,000 per year, for a total of \$7,500,000 over the 10-year credit period (the "Credit Period"). MPC will invest in return for a 1% interest in the Company (including its profits and losses) and a special allocation of 100% of the State Credits generated by the Project.
Estimated Credits	The estimated State Credits to be allocated to MPC (the "Projected State Credits") are as follows: 2027: \$423,611 2028 – 2036: \$750,000 2037: \$326,389 **Total: \$7,500,000**

	Any decision to delay the commencement date of the Credit Period beyond 2027 is subject to MPC's consent.
Estimated Completion Date	April 2027
Estimated Stabilization Date	February 2028
Credit Price	$0.46 per dollar of State Credits actually allocated to MPC (the "Credit Price").
MPC Capital Contribution	Estimated to be $3,450,000 (assuming all the estimated State Credits are actually delivered). MPC will also contribute an amount equal to the price per credit contributed by the federal investor for each federal low-income housing tax credit allocated to MPC, which is expected to be 1% of the total.
MPC Installment Schedule	MPC equity will be funded according to the following schedule:

1. 15% shall be due upon the later of:

    (a) Closing;
    (b) Receipt and approval by MPC of all due diligence items on the MPC checklist; and
    (c) Closing of all required construction financing.

2. 50% shall be due upon the later of:

    (a) Satisfaction of the conditions in clause 1 above;
    (b) Receipt of final certificates of occupancy;
    (c) Receipt of recorded extended use agreement;
    (d) Receipt and approval of true-up adjuster calculations;
    (e) Receipt of architect's certificate of lien-free completion; and
    (f) Receipt of a draft cost certification; and
    (g) April 1, 2027

3. The balance shall be due upon the later of:

    (a) Satisfaction of the conditions in clause 2 above;
    (b) Achievement of Stabilization (as defined below);
    (c) Closing of all required permanent financing;
    (d) Receipt of final cost certification;
    (e) Receipt of IRS Form 8609s; and
    (f) Receipt of the Schedule K-1 following the first year of the Credit Period; and
    (g) February 1, 2028

"Stabilization" shall mean, following construction loan payoff and conversion to approved non-recourse permanent financing, three consecutive months of (i) breakeven operations; (ii) a 1.15

DSCR on all must-pay debt following commencement of amortization of the permanent loan, and (iii) 90% physical and economic occupancy.

Adjusters

Capital Contributions by MPC may be adjusted based on actual State Credit delivery.

Basis True-up: If the actual amount of State Credits reflected on the cost certification and 8609s (the "Actual State Credits") is less than the amount of the Projected State Credits, the cost certification installment shall be reduced by an amount equal to the Credit Price multiplied by the shortfall, and if insufficient, from the next succeeding installments until the full reduction has been taken into account. If the true-up adjustment amount exceeds the amount of unfunded capital, the Company will distribute an amount equal to such excess to MPC as a return of capital.

Timing: The capital contribution of MPC shall be reduced by 70% of the shortfall between the Actual State Credits and the Projected State Credits estimated to be delivered in 2027 and 2028. Currently, it is estimated that the Company will deliver $423,611 of State Credits in 2027 and $750,000 of State Credits in 2028.

If in 2027, more than 100% of the Projected State Tax Credits can be claimed by MPC, then MPC shall make a Capital Contribution in an amount equal to 25% of the difference between the Actual State Tax Credits and the Projected State Tax Credits.

All Other Adjustments: Upon a reduction or recapture of State Credits occurring after funding of MPC's final capital contribution, the Company will be obligated to pay MPC an adjustment payment as a return of capital equal to $1.00 for each State Credit so reduced or recaptured plus any legal/accounting fees, interest, penalties, or increased taxes payable by MPC (or its investors) as a result of such reduction or recapture.

Tax Returns

The Company shall deliver Schedules K-1 to MPC no later than March 1st of each year commencing with the first year of the Credit Period. Each year, the Company shall pay MPC $150 for each day thereafter until actual delivery, which such penalty shall increase to $250 for each day after April 1st until actual delivery.

Reserves

The Company shall establish and maintain an operating deficit reserve, capital replacement reserve and debt service reserve at such levels as the parties shall reasonably agree as part of the definitive agreement.

Guaranty Provisions

The Company, the Sponsor, its principal(s) and such other individuals or entities as required by MPC (collectively, the "Guarantor") shall provide the following guarantees to MPC:

a) Construction Completion. The Guarantor will guarantee that the Project will be placed in service and fully completed in 2027 in a manner that qualifies for State Credits. This guaranty includes an unlimited payment guaranty of all development and operating deficits through Stabilization, including funds required for conversion to permanent financing.

b) Operating Deficit. The Guarantor will guarantee to lend funds to the Company to fund any operating deficits of the Project for a period of 36 months following Stabilization. Any such loans will be repaid without interest only from available cash flow.

c) Tax Credits. The Guarantor will guarantee delivery of the State Credits, including without limitation payment of all adjusters on an after-tax basis.

d) Repurchase. At MPC's option, the Guarantor will repurchase the membership interest of MPC in the Company on the same terms as the Guarantor would be required to repurchase the interest of the federal investor under the Operating Agreement.

e) Representations and Warranties. The Guarantor will protect and indemnify MPC against any loss due to any breach or default by the managing member or general partner of its fiduciary duty or any representation, warranty, or covenant under the operating agreement of the Company, including an environmental indemnity from and against all claims, actions, causes of action, damages, costs, liability and expense incurred or suffered based upon a violation of environmental laws, or respecting the presence of environmental hazards.

f) Net Worth Covenant. The Guarantor must maintain (in the aggregate, if more than one Guarantor) a total net worth of at least $5,000,000 and a liquid net worth of at least $750,000 through Stabilization, decreasing to $300,000 of liquidity, and $2,000,000 of net worth thereafter. For purposes of this covenant, liquid net worth shall mean cash and cash equivalents less all current liabilities (including the current portion of any long term liabilities). The Guarantor will provide MPC with annual financial statements evidencing compliance with the liquidity and net worth covenants above.

Asset Management Fee

Commencing with the first year of the Credit Period, the Company shall pay MPC an annual asset management fee of $2,500 for each calendar year (full or partial) within the Credit Period, to cover its administrative, financial and tax expenses with respect to the Company and the Project. Each year the asset management fee shall be paid by December 31 and shall escalate 3%.

Call Option	After the termination of the recapture period for the State Credits, the Company will have the option to redeem MPC's ownership interest at fair market value (determined in accordance with the Operating Agreement utilizing the same valuation procedures as used in determining the fair market value of the federal investor's interest) plus accrued but unpaid asset management fees.
Put Option	After the termination of the recapture period for the State Credits, MPC will have the option to cause the Company to purchase MPC's ownership interest for $1,000 plus accrued but unpaid asset management fees.
Special Allocations	Any taxable income generated by the Company as a result of an actual or deemed sale of tax credits shall be allocated entirely to the general partner of the Company.
Transaction Costs	The Guarantor shall be responsible for payment of all of MPC's reasonable third-party fees and expenses associated with the proposed investment in the Project, even if the investment does not close, in an amount not to exceed $30,000. Such fees shall be paid at closing. Provided however, that if MPC terminates this Term Sheet or the Project does not move forward due to reasons beyond the reasonable control of the Sponsor, each party shall bear its own costs. At its election, MPC may deduct this amount from its first capital contribution installment.
Due Diligence Process	When MPC has received a signed copy of this Term Sheet, we will begin our underwriting and due diligence review. During this time, MPC will conduct further review of the factual representations made by the undersigned, and will negotiate in good faith the terms and conditions of the proposed investment. The due diligence review will include, but not be limited to, MPC's review and approval of the following matters: • development team; • tax structure; • financial model and projected tax credit basis; • compliance with the federal and state tax credit program requirements; • market/feasibility study; • site inspection; • evidence of insurance (property, casualty, business interruption, title, etc.); • environmental site assessment and all recommended follow-up; and • the Guarantor's financial capacity.
Exclusivity	MPC anticipates incurring expenses and foregoing other opportunities while finalizing an agreement for the Project. MPC is willing to do so with the understanding that upon execution of this Term Sheet: (i) the Company, the Guarantor and their respective representatives and agents shall end any and all discussions or

	agreements with any other party regarding state tax credit equity for the Project, and shall not entertain any such discussions for a period of 120 days; (ii) all information and materials received by each party to this Term Sheet are to be kept confidential; and (iii) the parties hereto shall negotiate in good faith to close this transaction on or before March 1, 2026. By executing this Term Sheet, the Company and Guarantor agree to each of these terms and conditions, as well as to the terms and conditions set forth above regarding closing costs.
Governing Law	This Agreement and all claims and controversies hereunder shall be governed by and construed in accordance with the internal laws of the State of Georgia, without regard to the choice of law provisions thereof.

This Term Sheet may be executed in any number of counterparts, each of which shall be deemed an original as against any party who signed such counterpart, and all of which together constitute one and the same instrument.

[*Signatures on the following page*]

We greatly appreciate your interest in working with MPC. This proposal is valid only for 5 business days from the date of this Term Sheet, unless countersigned by you and returned to us within such time.

If these terms are agreeable to you, please execute and return one copy.

Very truly yours,

Monarch Private Capital, LLC

By: *Robin Delmer*
Robin Delmer, Co-Managing Director

Accepted and Agreed to this 14th day of May, 2025.

Schaumber Development, LLC

By:
Name: Peter Drew Schaumber
Title: Mg Member