

May 22, 2025

Matt Verboon
CAHEC Properties Corporation
7700 Trenholm Rd Ext
Columbia, SC 29223

RE: Chester Townhouses II
Chester, SC

Dear Mr. Verboon:

The purpose of this letter is to express the interest and willingness of the Community Affordable Housing Equity Corporation (“CAHEC”) to provide an equity investment in the above-referenced project through Community Equity Fund 31 Limited Partnership (“CEF 31”) or another CAHEC-affiliated fund.

This letter of interest is based on a preliminary evaluation of the information you have provided to us. We anticipate that a total contribution of \$4,555,112 could be made for a 99.99% ownership interest. The estimated contribution is based on a reservation and allocation of \$555,557 for the federal low-income housing tax credits (“LIHTC”). The net equity pricing for credits delivered to a CAHEC fund is \$0.82 per LIHTC. The net equity pricing for the LIHTC will be computed using the following formula: net equity from the sale of the LIHTCs divided by the ten-year LIHTC allocation request multiplied by the proposed investor ownership interest. For this project, the formula works as follows:

$$\$4,555,112 \div (\$555,557 \times 99.99\% \times 10) = \$0.82$$

Should the tax credits allocated to the project be different than what is assumed herein, the net equity contribution will be adjusted based on the above formula and pricing and subject to verification that there are sufficient funding sources to develop the project.

Our typical pay-in of equity contributions will provide up to 20% during construction; 55% at project completion; and 25% upon achievement of 100% qualified occupancy, 3 months stabilized occupancy and receipt of 8609's. Equity contributions during construction will be based on actual costs incurred. Equity installments amounts and installment conditions will be identified during the closing process.

Our current requirements include an operating reserve equivalent to six months operating expenses, replacement reserves of \$400 per unit per year, and debt service. A minimum debt service coverage ratio of 1.15 on must-pay debt will be required. Any deferred developer fees must be reasonably expected to be repaid on a schedule approved by the Investor Member's tax counsel and generally should not be projected to exceed 25% of the total fee due. The general



partner and/or approved guarantors will be required to guarantee: construction completion/lease-up; operating deficits for a period of 5 years; and, delivery of projected tax credits.

CAHEC may assess a Syndication fee in the amount up to \$45,000. CAHEC will absorb all attorney's fees for its counsel's preparation of the Entity Agreement, associated exhibits, and provision of a tax opinion, provided that no unforeseen circumstances arise that result in excessive legal expenses. Equity investment by CAHEC is subject to documentation showing that the project will obtain an eligible basis to support a reservation and allocation of the projected tax credits. The ability to invest in the Project is contingent upon standard due diligence review, project underwriting, a satisfactory environmental report, approval by CAHEC's investment committee, and the receipt, review, and approval of all financing and organizational documents.

Thank you for the opportunity to review and express our interest in your project. CAHEC wishes you continued success and hopes that we will have the opportunity to continue to work with you as the equity investor in this project.

Sincerely,

A handwritten signature in cursive script that reads "Jennifer McCabe".

Jennifer McCabe
Acquisitions Manager