

# Advantage Capital

May 19, 2025

The Ridge at Rock Hill  
Commonwealth Development Corporation  
Attn: Daniel DiFrancesco  
2501 Parmenter Street; Suite 300B  
Middleton, WI 53562

Re: The Ridge at Rock Hill – Rock Hill, SC (“Proposed Development”)

Dear Daniel,

Advantage Capital (“AC” or “State LP”) is pleased to provide this syndication letter that outlines the terms under which the State LP would pursue a limited partnership interest in the partnership owning the Proposed Development (the “Project Partnership”). The State LP’s investment in the Project Partnership would be made in consideration of and expectation of several benefits, including but not limited to, up to a 0.1% interest in profits and losses from operations, up to a 0.1% interest in gains and losses from capital transactions, 100% of the State of South Carolina Low-Income Housing Tax Credits (“State Credits”), and up to 0.1% of the Federal Low Income Housing Tax Credits (“Federal Credits”), to be generated by the Proposed Development, consisting of 60 rental units located in Rock Hill, SC.

This proposal contains an outline of suggested terms only, and it does not represent a commitment by AC or create any obligation whatsoever on AC’s part to make an equity investment in the Project Partnership. The outlined terms have not received final approval by AC’s investment committee. New information or industry changes could materially alter the investment terms, so neither you nor AC will be under any legal obligation until AC has been lawfully admitted as a partner to the Proposed Development.

## Development Information:

1. The development will consist of 60 units.
2. The Proposed Development will be considered a “Qualified Low-Income Housing Project” under Section 42 of the Internal Revenue Code.
3. Tax Credits:
  - a. \$1,750,000 annually (Federal LIHTC/10 Years)
  - b. \$1,000,000 annually (SC LIHTC/10 Years)
4. Capital Contribution Rate Per Credit:
  - a. \$0.81/Federal Credit (to match assumed Federal LIHTC investor pricing)
  - b. \$0.48/State LIHTC (assumes a 1.0% ownership interest in the Project Partnership)
5. Total Capital Contributions:
  - a. \$4,800,000 with respect to State LIHTC
  - b. \$14,175 with respect to Federal Credits
    - i. Total - \$4,814,175
6. Contribution Schedule: The State LP capital contribution may be scheduled at the same times and in the same percentages, and shall be made on the same conditions as the Federal LIHTC Investor. The State LP reserves

the right to adjust the pay-in schedule to improve pricing upon mutual consent of the Project Partnership. The contemplated contribution schedule is as follows:

- a. 20.0% at Closing
  - b. 48.0% at 100% Completion
  - c. 30.0% at Stabilization
  - d. 2.00% at 8609
7. Tax Credit Adjusters: In most cases, the State LP will adjust the amount of its capital contributions in the same manner that the Federal LIHTC Investor adjusts the amount of its capital contributions.
8. Guarantees: The State LP shall be a beneficiary of applicable guarantees in the same manner as the Federal LIHTC Investor. At a minimum, the State LP requires that construction completion, operating deficits, the repurchase obligation and the State Credits be guaranteed in accordance with industry standards and from acceptable guarantors (in the opinion of the State LP). The tax credit guaranty must extend through the compliance period.
9. Reserve Requirements:
  - a. Operating Reserve: An operating reserve in an amount equal to 6 months of operating expenses, replacement reserves and must pay debt service, or a lesser amount acceptable to SC Housing, will be maintained from available cash flow for the life of the compliance period. Withdrawals from the operating reserve will be subject to the Federal LIHTC Investor's consent.
  - b. Replacement Reserve: A to be determined Replacement Reserve of at least \$300 PUPA, or a higher amount as required by SC Housing or as determined by the Federal LIHTC Investor, and will increase annually by 3%.
10. Asset Management Fees: An annual asset management fee shall be paid to the State LP on the same terms as the similar fee paid to the Federal Investor. The State LP's fee shall be the greater of half of the Federal Investor's fee or \$1,500 per year.
11. Net Cash Flow Distributions: The cash flow waterfall of the Project Partnership will be in accordance with that outlined by the Federal LIHTC Investor and the State LP will have approval rights with respect to any modifications.

This letter and its terms are subject to final acceptable underwriting and due diligence review (in AC's sole discretion). An update to this letter may be provided as requested by you, which in addition to the items above will include final capital contribution timing, milestones and amounts as well as anticipated due diligence.

On behalf of Advantage Capital, thank you for the opportunity to provide this Letter. We look forward to being part of this Proposed Development and the impact it will have in addressing housing needs in South Carolina.

Sincerely,



William Fiederlein  
Vice President