

Synovus Bank
800 Shades Creek Parkway
Birmingham, AL 35209



May 22, 2025

Mr. Sam Coats
Peaks of Rock Hill, LP
1819 Peachtree Road NE, Suite 520
Atlanta, GA 30309

Re: Peaks of Rock Hill Apartments

Dear Mr. Coats:

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: Peaks of Rock Hill, LP (the "Partnership"), having Peaks of Rock Hill GP, LLC as General Partners, with a 0.01% ownership interest in the Partnership, a to be determined State Credit Limited Partner, with a 1.0% ownership interest in the partnership and Synovus Bank, as Federal Investor Limited Partner with a 98.99% ownership interest in the Partnership.

Project Description: Peaks of Rock Hill Apartments, a 72-unit affordable apartment complex to be located in Rock Hill, York County, SC.

Tax Credits Available: $\$17,500,000 \times 98.99\% = \$17,323,250$ (Federal)

Tax Credit Price: \$0.80
(Federal)

Total Capital Contribution: \$13,998,600

- A. Capital Contribution #1: **(20%)** at Partnership Closing funded on an as-needed construction draw basis throughout the construction period.
- B. Capital Contribution #2: **(70%)** at 100% lien free completion and receipt of final certificates of occupancy.

- C. Capital Contribution #3: **(10%)** 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 Monarch State Credit Investor approved by Synovus Bank. The State Tax Credit capital contributions will be funded pari passu with the Federal Tax Credit capital contributions. The State Tax Credit Investor may be required to provide a Letter of Credit from a financial institution acceptable to Synovus Bank and/or a guaranty for the balance of their portion of the unfunded equity at closing.

State Tax Credit Price:

\$.47 per dollar of State Credits. Estimated to be \$6,799,437. The state tax credit investor will also contribute an amount equal to \$.80 for 1% of the federal low income housing tax credits.

A fee paid to the developer in the amount of \$1,690,000 shall be payable in accordance with the schedule below. All percentages represent the amount of cash paid developer fee which excludes any projected deferred developer fee.

Developer Fees:

- 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. \$75,000 will be held back until receipt of final 8609's.

Asset Management Fee:

Asset management fees will be \$5,400 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. 1.00% to the 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. 1.00% to the State Investor Limited Partner

***Replacement
Reserves:***

\$300 per unit per year.

Guaranties:

A. Operating Deficit Guaranty: Unlimited operating deficit guaranty from RHG Investments, LLC and any other guarantor deemed necessary by Synovus Bank until the latter of i) the achievement of a 1.20x income to expense 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 income to expense 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 RHG Investments, LLC 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 RHG Investments, LLC and any other guarantor deemed necessary by Synovus Bank for the compliance period.

D. Guaranty of General Partner's Obligation: RHG Investments, LLC 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. Developer may reduce developer fee at cost cert if needed to avoid DDF that cannot be repaid from cash flow so long as there is enough eligible basis to support the tax credit allocation.

***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 as a condition of the final equity installment at stabilization.

Construction Lender:

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

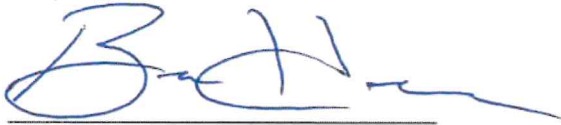
Expiration:

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

ServisFirst Bank wishes to thank you for the opportunity to provide financing for this much-needed housing development and we look forward to working with you on this transaction.

Please do not hesitate to give me a call at (205) 578-4540 if I can be of any further assistance.

Sincerely,



By:

Name: Ben Harrison

Title: First Vice President

By signing this letter, the undersigned accept and agree to the above terms and conditions, request Bank to proceed with its due diligence and approval process and agree to pay for any expenses Bank incurs.

Approved this 22nd day of May, 2025.

"BORROWER: Peaks of Rock Hill, LP"



Sam Coats

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

May 22, 2025

Resource Housing Group, Inc.
3350 Riverwood Parkway,
Bldg 100, Suite 800
Atlanta, GA 30339
Attn: Chase Northcutt

Re: Peaks of Rock Hill - Term Sheet
South Carolina Low Income Housing Tax Credit Equity Investment

Dear Mr. Northcutt:

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 an entity to be named at a later date (the “Company”) sponsored by Resource Housing Group (the “Sponsor”) in exchange for equity capital to be used in connection with the new construction of the Peaks of Rock Hill project in a manner that qualifies for South Carolina low-income housing tax credits (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 proposed 72-unit multi-family new construction of the Peaks of Rock Hill is located in Rock Hill, SC (the “Project”). The Project will be owned directly or indirectly by the Company and developed 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 \$1,446,689 per year, for a total of \$14,466,887 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.

<i>Estimated Credits</i>	2027:	\$713,298
	2028 – 2036:	\$1,446,689
	2037:	\$733,391
	Total:	\$14,466,887

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 Lease-Up Completion Date October 2027

Credit Price \$0.47 per dollar of State Credits actually allocated to MPC.

MPC Capital Contribution Estimated to be \$6,799,437 (assuming all the estimated State Credits are actually delivered). MPC will also contribute an amount equal to \$0.80 for 1% of the federal low income housing tax credits which are projected to be allocated to MPC; provided, however, such pricing shall be adjusted to match the federal investor's price paid per federal low income housing tax credit.

MPC Installment Schedule

MPC equity will be funded according to the following schedule:

1. 20% 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. 70% shall be due upon the later of:
 - (a) Satisfaction of the conditions in clause 2 above;
 - (b) Receipt of final certificates of occupancy;
 - (c) Receipt and approval of initial tenant file audit, if applicable;
 - (d) Receipt of recorded extended use agreement;
 - (e) Receipt and approval of true-up adjuster calculations;
 - (f) Receipt of architect's certificate of lien-free completion;
 - (g) Receipt of estimate of total costs upon completion the Project; and
 - (h) April 1, 2027
3. The balance shall be due upon the later of:
 - (a) Satisfaction of the conditions in clause 3 above;
 - (b) Closing of all required permanent financing;
 - (c) Achievement of Stabilization (as defined below).
 - (d) Receipt and approval of initial tenant file audit;
 - (e) Receipt of recorded extended use agreement;
 - (f) Receipt and approval of true-up adjuster calculations
 - (g) Receipt of IRS Form 8609s; and
 - (h) February 1, 2028

“Stabilization” shall mean, following construction loan payoff and conversion to approved non-recourse permanent financing, which may occur simultaneously with payment of the installment for which Stabilization is a condition, 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.

With exception to the Actual State Credits delivered in 2027 (which are subject to the timing adjuster described below), if the amount of Actual State Credits is more than the Projected State Credits, then MPC shall increase the cost certification installment by an amount equal to the Credit Price multiplied by the difference between the Actual State Credits and the Projected State Credits.

Timing: The capital contribution of MPC shall be reduced by 70% of the shortfall between the State Credits actually delivered and the State Credits estimated to be delivered in 2027 and 2028. Currently, it is estimated that the Company will deliver \$713,298 of State Credits in 2027 and \$1,446,689 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.

8609: The Credit Price and (therefore MPC’s total equity contribution) shall also be reduced by \$0.03 per credit if MPC receives the Project 8609s later than September 1, 2028.

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.

<i>Tax Returns</i>	The Company shall deliver Schedules K-1 to MPC no later than March 1 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 1 st until actual delivery.
<i>Reserves</i>	The Company shall establish and maintain an operating deficit reserve and capital replacement reserve at such levels as the federal investor and any Project lenders require.
<i>Guaranty Provisions</i>	<p>The Company, the Sponsor and such other individuals or entities as required by MPC (collectively, the “<u>Guarantor</u>”) shall provide the following guarantees to MPC:</p> <ul style="list-style-type: none">a) <u>Construction Completion</u>. The Guarantor will guarantee that the Project will be placed in service prior to December 31, 2027, 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) <u>Operating Deficit</u>. The Guarantor will guarantee to lend funds to the Company to fund any operating deficits of the Project for a period of 60 months following Stabilization. Any such loans will be repaid without interest only from available cash flow.c) <u>Tax Credits</u>. The Guarantor will guarantee delivery of the State Credits, including without limitation payment of all adjusters.d) <u>Repurchase</u>. At MPC’s option, the Guarantor will repurchase the membership interest of MPC in the Company for an amount equal to the total Capital Contribution made by MPC with interest on such Capital Contribution at the rate of 8% per annum if, (i) the Project is not placed in service prior to December 31, 2027 in a manner that qualifies for State Credits in 2027 or (ii) upon final cost certification, the Project qualifies for less than 80% of the projected State Credits.e) <u>Representations and Warranties</u>. 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 consistent with the requirements of the federal investor. 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.

<i>Asset Management Fee</i>	Commencing with the first year of the Credit Period, the Company shall pay MPC an annual asset management fee of \$2,500 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.
<i>Call Option</i>	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 (estimated by an appraiser selected by the GP) plus accrued but unpaid asset management fees.
<i>Put Option</i>	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.
<i>Special Allocations</i>	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 Sponsor.
<i>MPC Transfer</i>	MPC can transfer to funds/Affiliated where MPC maintains control freely, but not otherwise consent. MPC shall not be permitted to transfer any interest to others without the prior written consent of the GP (even after all capital contributions are paid).
<i>Transaction Costs</i>	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 the earlier of closing or the date on which either party terminates this Term Sheet. At its election, MPC may deduct this amount from the first capital contribution installment.
<i>Due Diligence Process</i>	<p>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:</p> <ul style="list-style-type: none">• 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 January 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]

At your convenience, please send an executed copy of this letter 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: _____

5/23/25

Its: _____

Vice President

SC Housing
State Tax Credit Report
Peaks of Rock Hill

The unit mix at Peaks at Rock Hill includes a total of 72 units: 24 one-bedroom units and 48 two-bedroom units. These homes are targeted to serve senior renters earning at or below 20%, 30%, and 60% of the Area Median Income (AMI).

The applicant is requesting \$6,799,437 in South Carolina State Tax Credits. This additional layer of capital is essential to keeping rents affordable. With these credits, rents will range from \$279 for one-bedroom units to \$1,325 for two-bedroom units. Without the state tax credit equity we would not be able to have rents this low.

State tax credit equity is vital to the financial feasibility of this development. While the applicant is also requesting the maximum available federal tax credits, the project would face an unfillable equity gap without the state credits—even with the benefit of the 130% basis boost. Without this critical funding source, the Peaks at Rock Hill would not be financially viable and therefore could not be constructed.

The demand for senior housing in the area is strong. Annual growth in senior households is projected at 359 households over the next three years. The proposed development will offer a high-quality, affordable housing option in a market that has seen limited new construction of senior rental housing over the past decade.

Peaks at Rock Hill will be highly competitive, with rents that are at or below those of comparable LIHTC and market-rate communities. All proposed rents offer a meaningful advantage relative to current market rent estimates. The rents at Peaks of Rock Hill will have a 25% market advantage.

The market area has a growing base of income-qualified senior-housing households and is expected to continue this upward trend over the next five years. This deep demand, coupled with a lack of new affordable senior housing, positions Peaks at Rock Hill to be well received in the community.

We are pleased to include a letter of support from Corinne Sferrazza, Housing & Community Development Manager in the City Management Office of the City of Rock Hill. She is also the Executive Director of Housing Development Corporation of Rock Hill. We also have enclosed a letter of support from Lisa Brown, Executive Development Director of the city of Rock Hill. These two endorsements underscore the local commitment to increasing affordable housing options for seniors in the community.



May 22, 2025

Jennifer Lynch
Peaks of Rock Hill
3350 Riverwood Pkwy Suite 800
Atlanta, GA
30339

Re: Peaks of Rock Hill, 72-unit – Senior Housing Development – Support Letter
Federal and State Tax Credit Application

Dear Ms. Lynch:

Please accept this letter as my support for the above-referenced Peaks of Rock Hill state and federal tax credit application.

This development will utilize federal and state tax credits which will allow the rents to be kept affordable for seniors living on a fixed-income. We wish you success in this endeavor and commend your efforts to address the growing need for senior housing in Rock Hill.

This development will provide much-needed, quality housing options for our aging population and contribute positively to the city's ongoing revitalization efforts.

Sincerely,

Corinne Sferrazza, MSW

Corinne Sferrazza, Executive Director
Housing Development Corporation of Rock Hill

BUY FIX KEEP

332 W MAIN ST. • PO BOX 11706 • ROCK HILL, SC 29731



May 22, 2025

Jennifer Lynch
Peaks of Rock Hill
3350 Riverwood Pkwy Suite 800
Atlanta, GA 30339

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This development will provide much-needed, quality housing options for our aging population and contribute positively to the city's ongoing revitalization efforts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lisa Brown', with a long, horizontal flourish extending to the right.

Lisa Brown
Executive Director
Rock Hill Economic Development Director