

May 13, 2026

C.J. Tyree
Partner
Taft-Mills Group
P.O. Box 566 | Greenville, NC 27835

RE: Riverbend Trace, Orangeburg, SC

To whom it may concern:

The purpose of this letter is to confirm that Red Stone Equity Partners (“Red Stone”) is interested in providing an equity investment to Taft-Mills Group (the “Sponsor”) proposed development currently known as Riverbend Trace (the “Project”). Described below are some basic terms, conditions, and assumptions upon which our investment would be based:

Project Information: The Project will consist of the new construction of 60 units for rent to low-income families located in Orangeburg, South Carolina. Within the Project, 60 of the units are expected to be Housing Credit compliant, with no additional units being designated as management units. The Project is expected to close in 2026 and construction is expected to be completed in 12 to 24 months.

Tax Credits: The Project is applying for an allocation of 9% low-income housing tax credits (“Housing Credits”) from the South Carolina State Housing Finance and Development Authority (the “Agency”) for the year 2026 in an annual amount of \$1,350,000. The total Housing Credits anticipated to be delivered to the Project is \$13,500,000 (the “Projected Federal LIHTC”). The project also expects to receive State tax credits (“Projected State Credits”) for the year 2026 in an annual amount of \$677,397. The total State tax credits anticipated to be delivered to the Project is \$6,773,970. The project also expects to receive Abandoned Building tax credits in an annual amount of \$119,766. The total Abandoned Building Credits anticipated to be delivered to the Project is \$359,297. Red Stone anticipates purchasing the tax credits for a total amount of \$14,265,660. Which equates to \$0.80 for Federal LIHTC, \$0.48 for State tax credits and \$0.60 for State Abandoned Building Credits, with an ownership percentage of 99.99%.

Required Reserves: **Operating Reserve:** The Project will fund and maintain an operating reserve, to be funded from capital contributions, in an amount equal to six (6) months of operating expenses, must-pay debt service, and replacement reserve deposits.

Replacement Reserve: The Project operating expenses will include the funding of a replacement reserve in the amount of \$300 per unit or such other amount specified by the Project lenders; increasing by 3% per annum.

Construction Contract: The Sponsor will arrange for a fixed or guaranteed maximum price construction contract in the anticipated amount of \$10,936,822 with a minimum contingency equal to 5% of the contract sum.

Fees: **Developer Fee:** The Developer will earn a developer fee of \$1,750,000. The deferred amount is projected to be \$328 and will accrue interest at the rate of 5% per annum, or such other interest rate acceptable to tax counsel. The balance of the developer fee that is not permanently deferred is projected to be \$1,749,672 and will be paid out of the capital contributions. The deferred amount will be payable out of available cash flow and will mature on the 15th anniversary of the placed-in-service date.

Property Management Fee: The property management fee will not exceed a total of 7.30% of gross collected rents.

Asset Management Fee: The Project will pay Red Stone an annual asset management fee in an amount equal to \$10,000 per annum. The asset management fee will increase annually by 3%.

Due Diligence Fee: The Project will pay Red Stone a one-time due diligence fee of \$100,000 at closing to reimburse legal costs associated with the Project.

**Construction Debt
Financing:**

It is expected that the Project will be financed with a first-lien position construction loan, in the maximum amount of \$12,000,000 with an approximate interest rate of 5.39% and a term of no less than 24 months.

**Permanent Debt
Financing:**

It is expected that the Project will be financed with a permanent hard loan in the maximum amount of \$1,565,000 with an approximate interest rate of 7.00%, a term of 216 months, and an amortization period of 480 months.

The investment is subject to the execution of a formal letter of intent, satisfactory completion of our normal underwriting and due diligence, as well as approval of our Investment Committee and Red Stone's investor(s).

Red Stone looks forward to working with the Sponsor and the Agency to serve the housing needs of South Carolina.

If you have any questions, please feel free to contact me.

Sincerely,

By: 
Name: Darren Swanson
Title: Managing Director