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Carmel, IN 46032  
Phone: 317-569-7420  
merchantscapital.com

June 17, 2025



Pedcor Investments-2023-CXCIII, L.P.  
c/o Shuron Agnew  
770 3<sup>rd</sup> Ave SW  
Carmel, IN 46032

Re: Proposed Palomino Estates Apartment Homes  
Financing Proposal - Letter of Intent

Dear Ms. Agnew:

Merchants Capital Corp. recognizes that Palomino Estates Apartment Homes is a Low-Income Housing Tax Credit development located in Richland County, South Carolina. We have reviewed the application to be submitted in 2025 to the South Carolina State Housing Finance & Development Authority ("SC Housing") in support of the tax credit allocation request. We have reviewed the underwriting criteria set forth in the Qualified Allocation Plan (QAP) and other special use restrictions, which were considered in our underwriting analysis.

It is our understanding that Palomino Estates Apartment Homes will consist of two hundred and sixteen (216) units, providing affordable rental housing for families, subject to various special use restrictions. The income/rent categories shall be within the development as follows:

- Two hundred sixteen (216) units will be set aside for households earning at or below sixty percent (60%) of the Richland County area median income.

Merchants Capital will provide FHA 221(d)(4) construction/permanent financing for Palomino Estates Apartment Homes under the following terms and conditions:

BORROWER:	Pedcor Investments-2023-CXCIII, L.P.
LOAN AMOUNT:	\$29,307,213
INTEREST RATE:	Estimated 4.50% based on the current GNMA market plus MIP of 25 bps annually
TERM:	43 Years
AMORTIZATION:	40 Years
FEE:	2.00%
RESERVE REQUIREMENTS:	\$250/PUPY
DSCR REQUIREMENTS:	1.15X
COLLATERAL:	First mortgage on the subject parcel(s) and all improvements including two hundred sixteen (216) rental units to be known as Palomino Estates Apartment Homes

Borrower's Initials: SA

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LIEN POSITION:  
SECTION 50 SIGNOR:

1<sup>ST</sup>  
Pedcor Investments, A Limited Liability Company

This proposal is subject to the borrower's ability to obtain and syndicate IRS Section 42 Low-Income Housing Tax Credits for the development, in an amount and under terms satisfactory to Merchants Capital Corp. and the following conditions:

1. Final review and approval of the financial forecasts;
2. Final review and approval of plans and specifications;
3. Review and approval of appraisal and environmental reports;
4. Completion of constructions and satisfactory inspection by an authorized architect as approved by Merchants Capital Corp.;
5. Verification of funding of equity and any other funding sources;
6. Full due diligence and approval by Merchants Capital Corp.; and
7. Commitment from Housing and Urban Development under the 221(d)(4) program.


Please understand this is a letter of intent to provide financing and is not a commitment. Thank you for the opportunity to participate in this development.

Sincerely,

  
Edward C. Dietrick, Vice President  
Merchants Capital Corp.

Accepted and agreed to this 24<sup>th</sup> day of June, 2025.

Pedcor Investments-2023-CXCIII, L.P., an Indiana limited partnership  
By: AHP-Blythewood, LLC, its General Partner

  
By: Shuron Agnew, Vice President

Borrower's Initials: SA  
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