



June 22, 2025

Ms. Ronit Hoffer
Mercy Housing Southeast, Inc.
260 Peachtree Street Ste 1800
Atlanta, GA 30303

Dear Ronit:

Thank you for giving us this opportunity to provide you with this 4% LIHTC tax exempt construction and term bond/loan term sheet for The Clemson Apartments project located in Clemson, SC. The following outlines the general loan terms and conditions for your review and consideration:

4% LIHTC Tax Exempt Construction/Stabilization Bond/Loan

Borrower:	“Specific Borrowing Entity Still To Be Determined”
Tax Exempt Bond Amount:	Up to \$23,163,918.
Taxable Loan Amount:	Up to \$11,502,549.
Purpose:	Construction/Draw loan for an Affordable Housing Project in Clemson, SC.
Loan Term:	24 months.
Tax Exempt Rate:	Fixed rate of 6.20%
Taxable Rate:	Fixed rate of 7.00%
Loan Origination Fee:	1% of the Tax Exempt and Taxable loan amounts.
Repayment Terms:	Interest only monthly, with all principal and accrued interest due at maturity. Pre-payment penalties will not apply.
Maturity Date:	24 months.
Collateral:	First Real Estate Mortgage on the real property for the project located in Clemson, SC, Assignment of Borrower’s interest in The Limited Partnership, including, but not limited to capital contributions; Assignment of rents on the subject property and improvements to be construed thereon, legal description to govern; Assignment and Subordination of the Developer Fee Agreement.
Guarantors:	Full unlimited, unsecured guarantees from individuals and or entities as required by CRBT.
Due Diligence:	The Lender will need as part of their necessary due diligence, and as a condition to making the Credit Facility available, the following, but not limited to:

- i. Borrower has entered into either a Stipulated Sum or a Guaranteed Maximum Price contract with a General Contractor approved by Lender;
- ii. Payment & Performance Bond with a penal sum (bond amount) equal to the stipulated sum or guaranteed maximum price of the construction contract (such P&P Bonds shall be from a surety and in a form acceptable to the Lender. Lender shall be named as an additional beneficiary under the P&P Bonds).

4% LIHTC Tax Exempt Bond/Term Loan

Borrower:	“Specific Borrowing Entity Still To Be Determined”
Loan Amount:	Lesser of (a) \$13,153,650; or (b) the amount necessary to provide a 1.15 to 1.00 debt service coverage ratio with respect to the Project measured at the funding of the Loan; or (c) the amount such that the loan amount will not exceed 90% of the As Stabilized Rent Restricted Appraised Value.
Purpose:	Provide permanent term loan takeout financing to pay off the construction loan.
Tax Exempt Interest Rate:	<p>The estimated tax-exempt fixed interest rate as of June 22, 2025 is 6.30%. The interest rate shall be fixed by a SWAP Agreement that is calculated to include a 24-month forward rate lock.</p> <p>Rate estimates above will continue to fluctuate based on the market until such time that the swap documentation is executed. Upon commencing the swap and locking your fixed interest rate, if the loan is cancelled for any reason, you will be 100% responsible for paying any and all of the make whole fees charged to CRBT resulting from unwinding the SWAP per the terms of the executed SWAP Documents along with all of CRBT’s credit underwriting, legal, or other out of pocket expenses. Lender will require collateral for the forward rate lock in the form of Guarantees and a 2nd mortgage on the property. Collateral must be approved by CRBT prior to locking the rate and executing the SWAP documentation.</p>
Interest Rate Buy Down:	Borrower has the option to “Buy Down” the perm loan rate in conjunction with rate lock and construction loan closing. A 1% perm loan origination fee will reduce the perm loan rate by 10 basis points. Borrower can elect to pay higher origination fees, further reducing the perm loan rate – capped at 50 basis points.
Loan Fee:	1% of the perm loan amount.
Maturity Date:	18 years
Repayment Terms:	Amortize the loan over 40 years, with all unpaid principal and interest due at maturity of the 18-year term.
Collateral:	First Real Estate Mortgage on the real property for the project referred to as The Clemson Apartments project located in Clemson, SC, assignment of the development agreement, and an assignment of rents and leases of the real property.
Guarantors:	Continuing SWAP Guarantees and Perm Loan Non-Recourse Carve out Guarantees from the Developer/Owners and the General Partner.

Prepayment / Lockout:	Standard SWAP “Make Whole or In the Money” prepayment provisions will apply as specified in the SWAP Documents. There will be a lockout period of 10 years during the permanent phase. After the 10-year term, the loan can be prepaid but will remain subject to the SWAP “Make Whole or In the Money” prepayment provisions.
Loan Agreements:	Borrower’s loans shall be governed by loan documents which will contain terms and conditions that will be satisfactory to both the Borrower and Bank. All loan documents will be prepared by CRBT’s legal counsel, Winthrop & Weinstine in Minneapolis, MN.
Due Diligence:	<p>The Lender will need as part of necessary due diligence, and as a condition to making the Credit Facility available, the following, but not limited to:</p> <ul style="list-style-type: none"> (i) Appraisal including a Market and Feasibility Study (ii) Borrower, General Partner, Sponsor and Guarantors Financial Statements and Tax Returns; (iii) Phase I environmental report; (iv) 42(m) letter issued by the allocating agency with respect to the Project; (v) Financial statements of Investor, if requested by Lender; (vi) Organizational documents and operating agreements of Borrower, General Partner, Corporate Guarantor, in form and substance acceptable to Lender; (vii) Documents evidencing Investor’s obligation to contribute the Tax Credit Equity to Borrower in form and substance acceptable to Lender; (viii) Lender’s Title Insurance commitment and pro-forma policy in a form and substance acceptable to Lender; (ix) An ALTA survey of the Project; (x) The Borrower and all related entities obtaining all necessary approvals and making all necessary filings to obtain the Tax Credits; (xi) The receipt of insurance coverage for the Project acceptable to Lender; (xii) Any general information concerning the Borrower, the sponsor, the Project, and financing that has not already been provided to Lender, such as the following: <ul style="list-style-type: none"> 1. Developer resume/biography; 2. Previous Tax Credit Development Experience; 3. Project Overview; 4. Discussion and details of ownership structure for Project; 5. Project timeline; 6. Overall sources and uses for entire Project; 7. Detailed breakdown of Tax Credits; 8. Identification and background/resume of architect; 9. Any agreements with the city where the Project is located (e.g., development agreements, etc.); and (xiii) Other items as requested during further review.

GENERAL CONDITIONS PRECEDENT TO CLOSING:

If the Borrower accepts the terms of this proposal letter and CRBT formally credit underwrites and approves this loan, the closing and funding of the loans would be subject to, but not limited to the following conditions and requirements:

1. The execution of all loan and security documents prepared by CRBT in such form and containing such terms, conditions and provisions that CRBT or its legal counsel deems reasonably necessary.
2. Evidence of the Borrower's organization, good standing, capacity, and authority to borrow and to execute the loan documents, and to operate its business in the jurisdictions where it does so. These documents to include but are not limited to, the Borrower's articles of organization, operating agreement and borrowing resolution.
3. Draw monitoring and inspections will be required with each draw request and this expense will be paid for by the Borrower.
4. The Borrower, Bank, and Tax Credit Investor will establish a mutually agreed upon DSCR of at least 1.15x to size the permanent loan at the time of the construction loan closing and perm loan rate lock.
5. For the conversion of the project to occur, a minimum occupancy of 90% and a DSCR of 1.00x for 90 consecutive days must be achieved prior to CRBT agreeing to close/fund the term loan and payoff the construction loan/lender. This would also require the approval of the Tax Credit Investor. Notwithstanding the foregoing, obligations under the Swap Agreement will commence 24 months from the date the rate is locked whether or not the Project is in a position to convert to the permanent note.
6. Clean Financial/credit and background checks on the Developer Sponsors/Owners.
7. Reserve Accounts required for this project/loan will be required to be opened and maintained at CRBT.
8. The Borrower shall reimburse Lender and its participants for all reasonable out-of-pocket legal and documentation expenses incurred in connection with the transaction.
9. Borrower is responsible for all costs associated with the consummation of this transaction, including but not limited to the following: third party report costs (appraisal, environmental, market study, construction monitoring & engineering reports), and all other closing costs.
10. A \$10,000 good faith deposit/commitment fee is required with this signed term sheet. In the event the Borrower does not close the loan for any reason after it is formally credit approved, the \$10,000 will be fully retained by CRBT to offset our credit underwriting expenses. If the loan is approved and funded, the \$10,000 can either be applied to closing costs or returned to the Borrower if requested.

This proposal letter outlines the basic structure and terms of the credit facilities requested by Borrower. It is not a commitment letter and may not reflect the final loan terms and conditions as required in our final loan credit approval. The terms contained herein are subject to formal credit underwriting and approval.

If you have any questions or need additional information regarding the contents of this letter, please let me know.

Sincerely,



Michael Goerdts
Vice President
Specialty Finance Group

Accepted by:  Date: 6.23.25

Title: Senior Developer, Mercy Housing Southeast