



June 12, 2025

Connelly Development, LLC
Mr. T. Kevin Connelly
125 Old Chapin Road
Lexington, SC 29072

**Subject: Asheville Hwy - Spartanburg
Spartanburg, SC
200 Affordable Units**

Dear Mr. Connelly:

Bellwether Enterprise Real Estate Capital (the “Lender”) has reviewed the information provided for Asheville Hwy - Spartanburg (the “Development”) and is delivering this Commitment for the Construction and Permanent Financing of the referenced Development (“Commitment”) in connection with a TBD single purpose entity associated with Connelly Development (the “Applicant”) application for an allocation of four percent (4%) Low-Income Housing Tax Credits with the South Carolina State Housing Finance and Development Authority (“SC Housing”).

Borrower:	A TBD Single Purpose Entity
Property:	A new construction 200-unit affordable housing community located on a single site in Spartanburg, South Carolina.
Loan Type:	Direct Purchase of up to \$25,000,000 of unrated fixed rate tax-exempt bonds and \$15,567,674 in taxable bonds (the “Bonds”) by Bellwether or its designated capital partner (collectively “Lender”). The Bonds represent the construction and permanent phase bonds with a term of 40 years, subject to redemption prior to maturity.
Loan Amount:	Based on Bellwether’s preliminary analysis, the maximum permanent tax-exempt Bond Amount is \$15,518,000. This amount is subject to change based on final underwriting and fluctuation in interest rates.
Interest Rate:	The fixed rate of interest on the Bonds will be established approximately one week before Closing with current indicated all-in rate of 9.00% during the construction phase and 6.05% during the permanent phase inclusive of annual issuer and trustee fees.
Stabilization:	The point at which (a) the NOI for three consecutive months (normalized and adjusted for seasonality) is sufficient to provide a minimum 1.15x DSCR and (b) the average monthly occupancy for three consecutive

months equals at least 90%. Stabilization shall be subject to the final terms and conditions set forth in the loan agreement and bond documents.

The Stabilization Date will be no more than 36 months from Closing.

Term:	15 years following the Stabilization Date
Interest Only:	3 years, beginning on the Closing Date ("Interest Only Period"), subject to final underwriting approval.
Amortization:	Commencing after the Interest Only Period, the Bonds will be subject to mandatory redemption, in quarterly installments, sufficient to amortize the Bonds fully over 40 years.
Yield Maintenance Period:	<p>Bonds will not be subject to Optional Redemption (Prepayment) until the 10-year anniversary of the Stabilization Date.</p> <p>From the 10th anniversary to the 14th anniversary of Stabilization, the Bonds may be prepaid at a price equal to a percent of the outstanding balance as outlined below:</p> <ul style="list-style-type: none">• From the 10th anniversary to the 11th anniversary: 103%• From the 11th anniversary to the 13th anniversary: 102%• From the 13th anniversary to the 14th anniversary: 101% <p>Thereafter, the Bonds will be pre-payable at par for the last year of the Term.</p>
Loan to Value:	90%
Debt Service Coverage:	1.15 (calculated on the post-Stabilization Interest Rate). Bellwether has reviewed Development's operating budget and confirmed acceptable debt service coverage ratio of 1.15x for the initial stabilized operating period, which meets our underwriting requirements of 1.15. Bellwether has confirmed that the Development, based on projections provided by the Applicant, will maintain a debt service coverage ration greater than 1:15 in years one through fifteen.
Subordinate Financing:	Any must pay subordinate debt must not exceed 90% LTV or 1.10:1.0 DSCR, and all subordinate debt must be, at a minimum, coterminous with the Term of the Bonds. Any subordinate debt is subject to Bellwether review and approval.
Origination Fee:	1.00% of the Bonds, payable to Bellwether at Closing.
Placement Fee:	At Closing, Bellwether or its designated capital partner will purchase the

	Bonds directly or indirectly through a placement agent or underwriter. Borrower will be responsible for payment of the placement agent fee equal to approximately \$25,000.
Application/Processing Fee:	\$5,000
Due Diligence Deposit:	\$20,000 for third party reports and a \$15,000 legal deposit due with loan application.
Lender Legal:	Estimated at \$95,000.
Construction Monitoring Fee:	Bellwether will hire a third-party inspector to review all construction draws. Construction draws will require Bellwether's and/or a designated capital partner's approval. Borrower will be responsible for payment of monitoring fees during construction.
Completion and Stabilization Costs:	Conversion Fee of \$25,000 will be payable to Bellwether on the Stabilization Date. In addition, Borrower will be responsible for legal and underwriting costs incurred by Bellwether to determine completion of construction, stabilization of the property and release of any associated guarantees.
Reserves and Escrows:	Monthly payments to escrow accounts held by Bellwether or the Bond Trustee will be required for taxes, insurance premiums, and replacement reserves. Any draws from the escrow accounts shall require Bellwether's and/or designated capital partner's consent. The initial replacement reserve will be set at a minimum \$300 per unit per year (subject to confirmation by underwriter and engineer).
Completion & Stabilization Guarantees:	Joint and several guarantee of lien-free completion of construction prior to the Stabilization Date or any payment to achieve Stabilization. Financial statements of guarantors and key principals are subject to review and approval by Bellwether.
Payment and Performance Bond:	Required to be in place for the General Contractor until the Certificate of Occupancy is received.
Non-Recourse:	Except as otherwise outlined above, the Bonds after Stabilization will be non-recourse except in the event of fraud, misappropriation of funds and other bad boy acts.
Operating Reserve:	The Borrower has budgeted the funding of a permanent operating

reserve (the "Operating Reserve") equal to six months of operating expenses and six months of debt service. Upon stabilization, the Borrower shall deposit this amount into an escrow account to be held by the Trustee and used for debt service payments and/or operating deficits. The Operating Reserve shall be held in an interest-bearing account and interest shall be paid to the Borrower annually.

Draw Down Conditions:

Bellwether will require a minimum draw at Closing of \$5,000,000, with subsequent minimum draws of \$2,500,000 once per quarter (with a maximum of 6 draws over the construction period).

Special Conditions:

a) All terms in this proposal are subject to Bellwether pre-screen approval and final underwriting.

b) Assumes sufficient demand in the PMA, and a 10% rent advantage to market rents established by an appraisal.

c) If the Bonds are fully funded at Closing, the anticipated net amount of negative arbitrage on the Bonds must be fully funded upfront. This cost may be funded from equity, bond proceeds or other sources of cash.

d) If the Bonds are fully funded at closing, Bonds will be placed in a GIC or other comparable investment vehicle that will earn interest over the Construction Period at an estimated rate of 4.00% - 4.50%. These investment earnings will be reinvested monthly.

e) Conditioned on the receipt of an allocation of 4% LIHTCs (i.e. 42(m) Letter) from SC Housing, including the necessary tax-exempt volume cap to meet the 50% test.

f) Receipt and approval of complete drawings and specifications on the anticipated construction or the development.

g) Receipt and approval of firm cost estimates prior to closing.

h) Receipt and approval of an appraisal of the Development.

i) Receipt and approval of all relevant environmental reports.

j) Bellwether reserves the right to terminate this agreement at any time due to fraud, material misrepresentation, illegality or other willful misconduct.

This Commitment does not contain any conditions which are not customary and reasonable for loans of this nature and amount, and which are not reasonably expected by the Lender to be met at the time of loan funding.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Roberts", is positioned above the printed name and title.

John Roberts
Vice President