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

June 11, 2025



Lincoln Avenue Capital
c/o Brian Moloney
401 Wilshire Blvd, 11th Floor
Santa Monica, CA 90401

Re: Palms on Ashley River
Financing Proposal Letter of Intent

Dear Mr. Moloney:

Merchants Capital Corp. recognizes that Palms on Ashley River is a Low-Income Housing Tax Credit development located in Ladson, South Carolina. Merchants Capital Corp. acknowledges that we have reviewed 1) the tax credit application to be submitted by the Applicant; 2) the minimum set-aside election (40-60) and the income and rent restrictions elected by the Applicant; 3) the minimum Underwriting Criteria set forth in the QAP; and 4) any other special use restriction elections made by the Applicant.

Palms on Ashley River consists of one hundred ninety-two (192) units, providing affordable rental housing to families, subject to various special use restrictions:

- All one hundred ninety-two (192) units will be set aside for those earning at or below sixty percent (60%) of the area median income.

Merchants Capital Corp. will provide equity bridge financing for Palms on Ashley River under the following terms and conditions:

BORROWER:	Palms on Ashley River Preservation LP
LOAN AMOUNT:	Up to \$19,180,000 or 85% of committed LIHTC equity
INTEREST RATE:	7.50% (current indicative)
TERM:	Up to 24 months
AMORTIZATION:	Interest Only
FEE:	0.75% of the loan amount
COLLATERAL	First REM and Assignment of Rents/Leases on the Project. First lien on all assets of Borrower in connection with the Project; Assignment of LIHTC equity installments; Assignment of Construction Contract; Assignment of management agreement, additional collateral as required by MBI

Borrower's Initials: _____

Merchants Capital Corp. will provide FHA 221(d)(4) construction financing for Palms on Ashley River under the following terms and conditions:

BORROWER:	Palms on Ashley River Preservation LP
LOAN AMOUNT:	Up to \$28,660,627
INTEREST RATE:	5.81% (current indicative)
MIP:	0.25%
TERM:	40 Years
AMORTIZATION:	40 Years
INTEREST ONLY:	16 months
FEE:	0.75% of the loan amount
COLLATERAL	First REM and Assignment of Rents/Leases on the Project. First lien on all assets of Borrower in connection with the Project; Assignment of management agreement, additional collateral as required by MBI

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.

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,

Lauren Stephens
Lauren Stephens, Vice President
Merchants Capital Corp.

Accepted and agreed to this ____ day of _____, 2025.

Lincoln Avenue Capital

By: Brian Moloney

Borrower's Initials: ____
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