

August 15, 2025

Appian Way Preservation LP
401 Wilshire Blvd, 11th Floor
Santa Monica, CA 90401Re: Appian Way Apartments
Financing Proposal Letter of Intent

Dear Mr. Moloney:

Merchants Capital Corp. recognizes that Appian Way Apartments is a Low-Income Housing Tax Credit development located in North Charleston, 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.

Appian Way Apartments consists of two hundred and four (204) units, providing affordable rental housing to families, subject to various special use restrictions:

- All two hundred and four (204) 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 Appian Way Apartments under the following terms and conditions:

BORROWER:	To-be-formed single asset entity
LOAN AMOUNT:	Up to \$13,241,339 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 Fannie Mae permanent financing for Appian Way Apartments under the following terms and conditions:

BORROWER:	To-be-formed single asset entity
LOAN AMOUNT:	Up to \$28,523,418.40
INTEREST RATE:	5.96% (current indicative)
TERM:	17 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.