



October 31st, 2022

Jess Brandes
 CASA
 624 West Jones Street
 Raleigh, NC 27603

Dear Jess:

Self-Help is pleased to provide this preliminary, non-binding proposal to CASA (“Borrower”) for construction financing (the “Loan”) of an the King’s Ridge development at 200 Michael J. Smith Ln Raleigh, NC 27601. (the “Property”).

This term sheet has been developed prior to full underwriting, and the terms outlined below have not been reviewed or approved by our Credit Committee, which has the sole authority to approve or deny loan requests. Thus, this letter and the terms herein are not binding on Self-Help. Additional terms and conditions may apply to any loan commitment.

Lender	Self-Help Credit Union, or its affiliates (together “the Lender” and “Self-Help”).
Borrower	CASA
Loan Amount	Up to the lesser of: (1) \$3,215,315 or (2) 80% of the lesser of loan-to-cost or loan-to-value. Loan amount may be adjusted to reflect final project budget, available collateral, debt service coverage ratio, etc.
Use of Proceeds	Construction of King’s Ridge Apartments (“the Project”).
Term and Amortization	Interest only period of 12-months Principal and interest payments based on a 40-year amortization schedule. A balloon payment of all outstanding principal and interest on the Loan will be due and payable 15-years from the Closing Date.
Interest Rate	The Loan is fixed for 10-years and would bear interest at a rate equal to the greater of (a) the 10-year USD Swap Rate as of three business days prior to the date of closing (the “Closing Date”), plus 2.50% and (b) 3.50%. Upon the end of the initial 10-year fixed period (“Rate Adjustment Date”), Loan will adjust thereafter to the greater of (a) then-current 5-year USD Swap Rate as of three business days prior to the Rate Adjustment Date, plus 3.00% and (b) 4.00%. For indicative purposes only, the estimated initial rate on the Loan as of the date of this letter would be 6.55%. Adjustments to Loan rates and floor may be made depending upon final underwriting, transaction structure, guarantor strength, final appraised value, and available collateral.

	<p>“X-year USD Swap Rate” means the mid-market semi-annual swap rate for USD swap transactions with a maturity of X years which appears on the “Bloomberg page USD SWAP SEMI 30/360 X YR screen.”</p>
Prepayments	<p>Yield Maintenance: Borrower may prepay the Loan in whole or in part with 90 days prior notice to Self-Help, and including a prepayment premium. Borrower may prepay the Loan in whole or in part without prepayment premium within 90 days of the maturity. Any prepayment shall be accompanied by the payment of the greater of:</p> <p>(a) 1.00% of the amount of the prepayment; and (b) the net present value of (i) the interest that would have been earned by Self-Help from Borrower’s scheduled payments under the Loan during the Yield Period had there been no prepayment, less (ii) the amount that would be earned by Self-Help during the Yield Period by applying the Comparison Rate to the amount of the principal prepayment.</p> <p>The “Yield Period” is the period of time from the date of prepayment to the sooner to occur of (x) the next Rate Adjustment Date, or (y) the scheduled maturity date of the Loan.</p> <p>The “Comparison Rate” shall be equal to the sum of the then-current SWAP Rate, with length equal to the Yield Period, plus 200 basis points. If there is no SWAP Rate of length of the Yield Period, then Self-Help may determine the Comparison Rate, in its reasonable discretion, based on the SWAP rate of closest proximity to the length of the Yield Period.</p> <p>For purposes of determining net present value, the discount rate used shall be the then-current yield of U.S. Treasury securities of constant maturity equal to the length of the Yield Period.</p> <p>Notwithstanding the foregoing, no prepayment premium shall be due if (i) the Borrower prepays the Loan in whole within the 90 days preceding the scheduled maturity date or any scheduled Rate Adjustment Date, (ii) the Loan is prepaid with proceeds of a loan from Self-Help or its affiliates, or (iii) the Loan is prepaid in whole as a result of an acceleration of the maturity date of the Loan by Self-Help.</p>
Origination Fee	1% of the Loan amount, due and payable at Closing Date.
Commitment Fee	An amount equal to one half of the Origination Fee, non-refundable, due upon execution of a commitment letter, which will be provided after formal underwriting of the loan and credit committee approval. The Commitment Fee will be credited against the Origination Fee at closing.
Construction Loan Administration Fee	0.50% of construction costs, with the understanding that these fees must at a minimum cover: (1) the full costs of a third party Construction Inspector hired by Lender; and (2) Lender’s internal costs (e.g., occasional travel to site).
Self-Help Legal Fees	Self-Help would use its internal legal counsel to close the Loan and would not

	charge the Borrower for its internal legal counsel's time. If needed, reasonable outside attorney's fees will be paid by the Borrower.
Corporate Guaranty	Depending upon underwriting analysis, an unconditional corporate guaranty from affiliate companies of the Borrower (particularly parent organizations) may be required.
Borrower Equity	Borrower must have equity in the Project equivalent to at least 20% loan-to-cost. Upon Lender review and approval, costs already funded by Borrower may be included as equity. All Borrower equity will need to be disbursed into the Project prior to any Loan proceeds. After conversion to permanent, at no time may the Borrower have a combined LTV on all liens on the primary collateral (including any non-Self-Help subordinated liens secured by the primary collateral) that exceeds 80% of the appraised value of the Project.
Debt Service Coverage Ratio of Loan	Borrower must demonstrate projected Debt Service Coverage Ratio (DSCR) throughout the permanent term of the Loan of at least 1.10:1.0, based on all loans, all of which must be approved in form and substance by Self-Help.
Collateral	First lien on: <ul style="list-style-type: none"> (a) Land and all existing and new improvements at the Property; (b) All personal property of the Borrower at the Property; (c) the Capital Asset Replacement Account; (d) Assignment of leases and rents for the Property
Capital Asset Replacement Account	At Closing, the Borrower will establish an interest-bearing Capital Asset Replacement Account (the "CARA") at Self-Help Credit Union to be funded in monthly installments until Loan maturity in an amount to be determined during underwriting, but not less than \$200 per unit per year Borrower shall fund the CARA at the conclusion of the 12-month interest only period. CARA may be used for capital expenditures as needed with Lender's prior approval, but not for routine maintenance and repairs. CARA shall be pledged as additional collateral for the Loan, and the funds in the CARA shall be subject to a hold in favor of Self-Help.
Subordinate Payments	Any other debt on the Project or Property must be subordinate to all Self-Help loans. All subordinate lenders and all other persons or entities to whom Borrower is obligated to pay fees under any agreement or contract shall execute and deliver to Self-Help a subordination and intercreditor agreement pursuant to which they agree, in the event of a default under the Loan, to subordinate their interest in and to be "standby" on payment of amounts due from Borrower. Subordinate debt, if any, must match or exceed Self-Help's loan term. All other terms and conditions of subordinate debt and other such agreements and contracts will be subject to Self-Help's approval.
Construction Related Loan Terms	General contractors, architect and engineers to be acceptable to Self-Help. As applicable, provision of the following, all satisfactory to Self-Help: final building plans and specifications, general contractor, architect, engineers, and other vendors, contracts on standard American Institute of Architects forms (another form acceptable to Self-Help). Assignment of such contracts to Self-Help will be required.

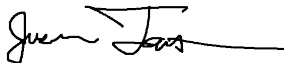
	<p>Payment and performance bond or alternative acceptable to Self-Help required by any general contractor or other major construction vendors.</p> <p>Builders risk insurance.</p> <p>Final project budget, including acceptable contingency reserves (typically 10% of construction costs and held outside the GC contract), must be approved by Self-Help.</p> <p>Zoning verification, showing that Borrower’s use of the Property complies fully with all applicable laws and regulations will be required.</p> <p>All necessary permits and approvals, from all local and other governmental authorities, which are required to complete the Project.</p>
<p>Other Terms</p>	<p>Borrower must secure all capital needed to complete the Project. The amount and terms of all other sources of funds are subject to Self-Help’s approval.</p> <p>Borrower will need to become a member of Self-Help Credit Union</p> <p>Loan payments and reserve accounts paid to Self-Help shall be made by automatic debit of the Borrower’s bank account.</p> <p>Acceptable to lender, an environmental review (Phase I and any necessary follow-ups), which must all be written to Lender. In its sole discretion, Self-Help may rely upon existing reports provided by the Borrower.</p> <p>Survey, title insurance, and property/hazard insurance with respect to the Property will be required.</p> <p>A new appraisal, acceptable to Lender, of the as-complete value of the Property, written to Lender, by a certified MAI appraiser shall be required.</p> <p>All costs associated with closing are to be paid by the Borrower, including but not limited to the above-described fees, reasonable outside attorney’s fees (if any), survey costs, environmental investigations, property condition assessments, appraisals, other reports deemed necessary by Self-Help, title insurance, taxes and recording costs.</p>
<p>Affordable Housing Requirements</p>	<p>Borrower will accept affordability covenants on the property for the duration of the loan term per the definitions below.</p>
<p>Affordability Covenants</p>	<ul style="list-style-type: none"> • Affordable rental units must serve households at or below 80% Area Median Income (AMI). • Affordability is based on households paying no more than 30% of gross income on housing related expenses. <p>Borrower is further required to certify compliance with the above annually. If borrower’s plans do not continue to provide the required affordability levels,</p>

	Lender may accelerate the maturity of the loan. Criteria for such will be outlined in borrower's loan agreement.
Ongoing Covenants	Lender reserves the right to require its approval prior to Borrower incurring any additional debt during the term of the Loan.

Self-Help has not yet completed our due diligence on this Project and the above terms have not been reviewed or approved by our Credit Committee. Thus, this letter is not a commitment letter and the above terms and conditions are not binding on Self-Help. Additional terms and conditions may apply to any loan commitment.

We look forward to working with you to move this project forward and are eager to prepare a proposal for Self-Help's Credit Committee. Should you have any questions, please do not hesitate to reach out.

Best regards,



Justin Tart
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