



NORTH STATE BANK

July 8, 2022

Mr. Tim Morgan
Silver Spring Housing Associates, LLC
Evergreen Construction Co.
7706 Six Forks Road
Suite 202
Raleigh, NC 27615

Dear Tim:

North State Bank is pleased to provide the following loan commitment.

BORROWER(S): Silver Spring Housing Associates, LLC

USE OF FUNDS: Refinancing and re-establishment of permanent financing for a 33 unit, senior-restricted LIHTC apartment development.

LOAN AMOUNT: The current payoff of the sum of the CICCER loan and the NCHFA loan as shown on the Borrower's most recent audited financial statement. That statement showed that the balances of those two loans totaled approximately \$508,733. Alternatively, the Lender would be open to a discussion about additional financing to cover some property maintenance items, a buy-out of the limited partner, or other items that the Borrower may wish to discuss. Including the financing of these items, the total approved Loan Amount is \$537,000. The Lender is open to discussing other amounts if desired.

LOAN TERM: 10 years

INTEREST RATE: 4.75% fixed for the entire loan term. This rate lock shall be held for 60 days from the date of this letter. If the Loan does not close by that time, this Commitment will expire and must be extended as described below, and the interest rate shall be set based upon the Wall Street Journal Prime Rate plus a spread of 0.00%, with a floor of 4.75%.

DEFAULT INTEREST RATE: Upon default, the interest rate on the Loan will be sixteen percent (16%) or the highest rate allowed by applicable law, whichever is less.

REPAYMENT TERMS: 119 monthly payments of principal and interest calculated the Loan Amount and the Interest Rate shown above and an amortization of 30 years. The Lender estimates that the monthly payment would amount to approximately \$2,655, which is slightly lower than the existing sum of the payments of the existing two mortgages to be refinanced (\$2,767).

COLLATERAL: 1st Deed of Trust on a number of acres of land located at 601 Pony Road in Zebulon, NC 27597. The property contains an existing apartment development with 33 senior restricted LIHTC units. The loan will be subject to an appraisal of the collateral that is satisfactory to the Bank.

GUARANTORS: None, the loan will be non-recourse.

LOAN FEE: 50 basis points on the Loan Amount

OTHER FEES: Appraisal Fee: The appraisal fee will be bid out to qualified appraisers; the Lender expects the appraisal fee to be approximately \$1,000 as a "restricted appraisal".

Lender's Attorney: The Bank is open to simply using the Borrower's attorney and using standard form loan documents. If a side letter is requested then the Borrower will incur additional attorney fees.

Additional Fees: There will be a \$250 document prep fee and a \$145 Environmental Vera-Check fee

DEPOSITS: It is our expectation that the Borrower would maintain an exclusive banking relationship with North State Bank.

LOAN AGREEMENT: The Loan will be subject to the terms of a Loan Agreement to be executed prior to or at the closing of the Loan. The Loan Agreement will contain such covenants as may be deemed necessary by the Lender and/or the Lender's counsel.

DOCUMENT APPROVAL: All documents executed in connection with the Loan contemplated herein will be subject to the approval of the Lender and, if applicable, that of the Lender's counsel.

SECURITY INSTRUMENTS: The Loan will be subject to the proper execution of any and all documents deemed necessary by the Lender and/or the Lender's

counsel to properly perfect the Lender's security position in the Loan Security.

FINANCIAL CONDITION AND STATEMENTS: On an annual basis, within 120 days of the fiscal year end, the Borrower shall furnish the Lender with financial statements (Balance Sheet, Statement of Profit and/or Loss and Statement of Changes in Financial Position) current as of the end of the preceding calendar or fiscal year. These statements must be in form, scope and substance satisfactory to the Lender.

TAX RETURNS: The Borrower shall provide the Lender with a complete copy of the Borrower's Federal Tax Return, including all applicable K-1 forms, on an annual basis within 30 days of that return's submission to the Internal Revenue Service. If the Borrower elects to file for an extension of time to file, a copy of that extension request is to be submitted to the Lender within 30 days of its being filed.

NO BROKERAGE FEES: The Lender will not be required to pay any brokerage fees or commissions arising from this Commitment, and the Borrower agrees to defend, indemnify, and hold the Lender harmless against such claims.

HAZARD INSURANCE: At or before closing, the Borrower will provide the Lender with a fully paid hazard insurance policy and other applicable construction related insurance policies. The insurance policy and the company issuing the policy will be satisfactory in all respects to the Lender. The policy will adequately insure the Loan Security; and, the Lender's interest in the Loan Security will be noted on the face of the policy in the form of a standard mortgagee loss payable clause. The Borrower agrees to keep the Loan Security fully insured against all insurable perils throughout the term of the Loan.

FLOOD CERTIFICATION: Prior to closing, Lender will have received a flood hazard zone certification from an independent provider of flood hazard zone determination services as to the real property securing the Loan. Should the Lender determine that flood insurance is required, the Borrower will, on or at closing, provide a fully paid flood insurance policy, which policy will be satisfactory in all respects to the Lender. The Borrower agrees to keep the Loan Security fully insured for flood related perils, subject to Federal maximum policy limits, throughout the term of the Loan.

TITLE INSURANCE: At closing, the Lender will be provided with a mortgagee Commitment or binder of title insurance issued a title insurance company of the Borrower's choice and approved by the Bank, which will identify the Lender's deed of trust to be a first lien on the real property securing the

loan. After closing, the Lender will be provided with a policy of title insurance, which policy confirms the agreed-upon lien position. The policy must be satisfactory in all respects to the Lender and/or the Lender's counsel. All expenses associated with title insurance will be the responsibility of the Borrower.

REAL ESTATE TAXES: Prior to or at closing, the Borrower will provide the closing attorney with a paid receipt for the current year's real estate taxes on the real property securing the Loan.

BORROWER'S REPRESENTATIONS: This Commitment is subject to the accuracy of all information, representations and documentation submitted with or in support of the Borrower's application for the Loan. The Lender reserves the right to terminate this Commitment and all of the Lender's obligations under the Commitment if the Lender, in its sole and complete discretion, becomes aware of material inaccuracies in the information, representations or documentation submitted in connection herewith.

NONASSIGNABILITY: The Borrower's rights under this Commitment and the Loan will be personal since the Lender has evaluated this Loan and has agreed to make this Loan based on the unique qualifications of the Borrower, both financial and otherwise. The Borrower without the express written consent of the Lender may assign neither this Commitment nor any of the proceeds of the Loan.

DUE ON SALE CLAUSE: Borrower's rights under this Commitment and the Loan will be personal, since the Lender has evaluated this Loan based on the unique qualifications, both financial and otherwise, of the Borrower. Any sale, conveyance or transfer effecting a change in ownership or control of all or any part of the project will, at the sole option of the Lender, cause the Loan to become due and payable in full. While any Loan balance is outstanding, no sale of individual units within the subject development is allowed.

ENTIRE AGREEMENT, MODIFICATIONS AND AMENDMENTS: This Commitment contains the entire agreement of the Borrower and the Lender with respect to the Loan. No change in the provisions of this Commitment will be binding unless in writing and executed in the name of and by an officer of the Lender.

SURVIVAL: All obligations and duties under this Commitment not accomplished or completed at closing will survive the closing and continue to remain obligations and duties of all parties to the Loan. It is specifically agreed that, after the closing of the Loan, the terms and conditions contained

Mr. Morgan
7/8/2022
Page 5 of 6

within this Commitment will be incorporated into the Promissory Note to be executed at the closing of the Loan as if written therein. Any default under this Commitment represents a default under the Promissory Note.

LENDER'S COUNSEL: The Bank may, upon its choosing, hire outside counsel to represent Bank's interest during the closing of this loan transaction. The cost of such representation is the responsibility of the Borrower.

COSTS AND EXPENSES: The Lender will not incur any expenses in connection with this Commitment or the Loan, whether the Loan is closed or not.

ACCEPTANCE: This Commitment is open for acceptance beginning on the date of this letter. A signed copy of this letter must be received by the Lender within two weeks of the date of this letter or this Commitment will terminate, unless extended in writing by the Lender, and the Lender will have no further obligation hereunder.

CLOSING: If the Loan contemplated herein fails to close, through no fault of the Lender, within two months of the date of this letter, this Commitment will, at the Lender's option, automatically terminate without further notice to the Borrower. It is the duty of the Borrowers to request an extension of this Commitment. The Lender is under no obligation to grant an extension except in the case where the Lender has specifically agreed to an extension in writing.

Thank you for allowing us to provide this Commitment. Please call with any questions.

Yours very truly,

North State Bank



By: _____

John Norwood
Senior Vice President
919 325-4079

Mr. Morgan
7/8/2022
Page 6 of 6

ACCEPTANCE BY BORROWER:

Agreed to and accepted by the undersigned this 11th day of July, 2022.

Borrower: Silver Spring Housing Associates LLC

By: Timothy D. Morgan
Tim Morgan, manager