



NORTH STATE BANK

May 16, 2024

Jess Brandes, Senior Director of Real Estate Development
CASA
624 W. Jones Street
Raleigh, NC 27603

Dear Jess:

North State Bank ("Bank") is pleased to offer the following financing commitment to CASA ("Borrower") under the following terms and conditions:

BORROWER: CASA

LOAN AMOUNT: \$3,215,315

PURPOSE: Provide gap construction/term financing for the completion of the King's Ridge housing project

Advances during the remaining construction period will be made based on the receipt of architect and CASA approved invoices for payment from the General Contractor.

COLLATERAL: First Deed of Trust on the property and improvements located at 200 Michael J. Smith Lane, Raleigh, NC 27610

TERMS OF REPAYMENT:

- 1) Interest only monthly for up to 24 months
- 2) Remaining principal balance at the end of the initial 24-month period to be repaid in monthly level payments of principal and interest, with the payment to be based on a 25-year amortization period. The loan will have a balloon maturity at the end of the 120th month following loan origination.

INTEREST RATE: Fixed rate of 7.75% for the 120-month balloon period.

PREPAYMENT: The loan may be prepaid in part or in full at any time without penalty.

COMMITMENT FEE: \$7,500 (0.23% of loan amount), plus a \$500 documentation fee

6204 Falls of Neuse Road • Raleigh, NC 27609
Phone: (919) 855-9925 • www.NorthStateBank.com

This loan commitment is subject to the Real Estate Loan Requirements attached hereto and incorporated herein by reference. Together, this letter and the Real Estate loan requirements constitute the Commitment.

This commitment cannot be changed, discharged, or terminated orally, but only by an instrument in writing, signed by the party against whom enforcement of any changes, discharge, or termination is sought. This commitment may not be assigned without our written consent.

Acceptance of this commitment shall constitute the Borrower's agreement to pay all fees, expenses, and charges in respect to the loan, including Bank's legal counsel, if any.

All the agreements and conditions contained in this commitment shall survive closing and the execution and delivery of the loan documents. This agreement shall be construed in accordance with the laws of the State of North Carolina.

We appreciate the opportunity to provide you with this loan commitment. If you find the terms and conditions satisfactory, please indicate your concurrence by signing a copy and returning it to my attention.

Very truly yours,

North State Bank

By: 
SENIOR VICE PRESIDENT

Accepted this 6 day of June, 2024.

BORROWER:

CASA

By: 

North State Bank
Real Estate Loan Requirements

General Requirements

The borrower understands and agrees that North State Bank will require in form and content satisfactory to the Bank and its legal counsel the following and any additional documentation its legal counsel may require:

The below blocks with an "x" apply to this real estate loan.

- (X) 1. Promissory note.
- () 2. Unconditional continuing guaranty agreement.
- (X) 3. Valid first deed of trust on the property located at 200 Michael J. Smith Lane, Raleigh NC 27610.
- (X) 4. Evidence of existence of borrowing legal entity (other than individual borrower) along with evidence of borrowing authority.
- () 5. Security agreement and recorded financing statements covering all fixtures, equipment, and personal property used in the operation and maintenance of the real property.
- (X) 6. Assignment of leases, rents and profits. Estoppel letters, as deemed necessary by the Bank.
- (X) 7. Mortgagee title insurance policy in the amount of the loan insuring the deed of trust/mortgage as a valid lien subject only to those exceptions acceptable to the Bank. The title company is to be licensed to do business in the state in which the property is located and is to be approved by the Bank. If the loan involves future advances, the title policy must contain satisfactory pending disbursement clause. Title policy to exclude matters of survey.
- (X) 8. Current boundary survey with flood hazard certification.
- () 8a. Foundation survey after completion of foundations with flood hazard certification.
- () 8b. Current as built survey with flood hazard certification.
- () 8c. Final as built survey with flood hazard certification.
- (X) 9. Flood Hazard Certification.

- (X) 10. Environmental Property Assessment showing property is free from contamination. This will be accomplished with a review of environmental records completed by an outside firm. Upon review additional environmental documents/assessments may be required.
- (X) 11. "All risk" builder risk insurance during construction and "all risk" permanent insurance upon completion, issued by a company licensed to do business in the state where the real property is located and acceptable to the Bank. Both policies shall cover the full replacement cost of the insurable improvements and shall include a mortgagee clause naming the Bank as the first mortgagee.
- () 11a. "All risk" builders risk insurance issued by a company licensed to do business in the state where the real property is located and acceptable to the Bank. The policy shall cover the full replacement cost of the insurable improvements. The policy shall include a mortgagee clause naming the Bank as the first mortgagee.
- () 11b. "All risk" permanent insurance issued by a company licensed to do business in the state where the real property is located and acceptable to the Bank. The policy shall cover the full replacement cost of the insurable improvements. The policy shall include a mortgagee clause naming the Bank as the first mortgagee.
- (X) 12. Flood hazard insurance, if applicable.
- () 13. Liability insurance with acceptable limits.
- () 14. Loss of rents and/or business interruption insurance covering a minimum of six (6) months' income.
- (X) 15. Copy of signed HUD 1 and HUD 1A
- (X) 16. Construction loan agreement.
- (X) 17. Project budget showing a complete cost breakdown of the construction cost, non-construction cost, and loan cost items.
- (X) 18. Copy of fixed price construction contract and architect's contract.
- () 19. Copy of final plans and specifications approved by the appropriate city and/or county building inspector and copy of building permit and any other permits required by regulatory authority. Include evidence of zoning and evidence of utility.
- () 20. Soil test required.

- () 21. Assignment of the construction contract, architect's contract and the plans and specification to the Bank.
- () 22. Dual obligee labor and material and performance and payment bond in the amount of the construction contract issued by a company licensed to do business in the state where the real property is located and approved by the Bank. The company issuing the policy must have an AA rating by Best Rating Guide.
- (X) 23. Appraisal. The commitment is subject to the receipt of an appraisal of the real property securing the loan, by an appraiser licensed by the appropriate licensing/certification agency of the State of North Carolina. The appraisal will be for an "as-is" valuation.
- (X) 24. The loan amount cannot exceed (85%) percent of the appraised value of the real property.
- (X) 25. All equity money is to be infused in the cost of the project prior to the Bank advancing any funds under its commitment. The Bank agrees to make disbursements to the borrower against the note up to the face amount thereof in accordance with the project budget. Each draw request shall be accompanied by requisitions from the contractor on AIA Document G702 and G703 or another format approved by the Bank. The application and certificate of payment shall be executed by the contractor, certified and approved by the inspecting architect, if one, and approved by the borrower and the Bank.
- (X) 26. The Bank or its designated representative shall have the right to inspect the property at any reasonable time prior to and after closing.
- (X) 27. Borrower shall furnish the Bank complete financial statements within ninety days after the end of the calendar year or their fiscal year, including tax returns and any other financial information the Bank deems necessary.
- (X) 28. Borrower certifies to the Bank the financial statements, tax returns, and other financial information submitted to the Bank are true and accurate. There are no judgments, liens, encumbrances, penalty assessments, or other security interests outstanding except as disclosed to the Bank. There has been no material change in the financial conditions since the date of the financial statements. Without the Bank's prior written consent, no additional indebtedness will be placed against the real estate or be transferred.
- () 29. During the construction of improvements, the Bank may place a sign on the construction site indicating that we are providing financing. We will bear all expenses related to the sign.
- () 30. You will be required to maintain your primary deposit relationship with North State Bank during the term of this loan.

() 31. We request that you move your deposit relationship to North State Bank during the term of this loan.

() 32. Other: