

April 30, 2020

Volunteers of America
Kimberly Black King
Senior Vice President Housing Development
1660 Duke Street
Alexandria, VA 22314

Re: The Sussex Apartments, Raleigh, Wake County (the “Project”)

Dear Ms. King:

I am pleased to inform you that the Wake County (the “County”) Board of Commissioners approved funding for the Project located on N. Rogers Lane, Raleigh, North Carolina. The following terms and conditions will be included in a Development Agreement, but if there are any changes to this transaction, including but not necessarily limited to changes in sources of funding or failure to satisfy environmental requirements, additional authority may be needed, or the commitment may be revoked.

Purpose of the Loan:	To provide construction and permanent financing for a to-be-created entity (the “Borrower”) that will own the Project, a multifamily apartment complex that will have 216 units.
Loan Amount:	up to \$2,800,000.00.
Interest Rate:	1% during loan term.
Type of Funding:	County CIP Funds (“CIP”).
Availability of Funds:	Funds will be available during construction pursuant to a draw schedule and draw requests to the County.
Closing:	Closing will be contingent upon satisfaction of County’s due diligence requirements and execution of loan documents acceptable to the County.
Term:	30 years.
Repayment:	Fully amortized 30-year variable repayment loan term. Payments will be repaid in accordance with the <i>pro forma</i> submitted to the County by Borrower in conjunction with Borrower’s application for funding.

If the property is sold, transferred or used for a purpose other than originally planned, any and all principal, interest and costs of the loan will be immediately due and payable irrespective of the term of the loan.

Loan Documents:

This loan shall be evidenced and secured by the following: a Development Agreement, Promissory Note, Deed of Trust, UCC Financing Statement for both the County and Secretary of State, Indemnity Agreement, Declaration of Deed Restrictions, Loan Agreement and such other documents that the County may require. Borrower will also provide an acceptable opinion of counsel and title insurance at the time of closing.

Lien Position:

During the construction and permanent phase, the County will hold second lien position junior to a commercial bank permanent loan in the approximate amount of \$28,400,000.00.

Rent Review:

The County will have authority to review rents for compliance and approve or disapprove them each year in accordance with any and all rules and restrictions that may be applicable to the source of funding or as may be reasonably determined by the County. Developer will submit a written request for proposed rental increases. The request will include utility allowance information, budget documentation and justification for an increase. Rents cannot exceed the HOME rent limits (24 CFR § 92.252(f)). The Borrower is required to provide tenants at least 30 days' written notice prior to implementing any rent increase.

**Changes in Loan Amount
and/or Repayment:**

Any changes to the amount of the loan, the loan terms, or the repayment terms of the loan must be approved by the Wake County Board of Commissioners.

Equity:

The Project will include equity of approximately \$9,876,084.00 and a deferred development fee in the approximate amount of \$1,297,930.00 as well as a good faith deposit refund in the approximate amount of \$568,000.00.

Expiration:

This Commitment expires if the loan is not closed within eighteen (18) months from the date of this Commitment.

Ownership:

This Commitment may not be assigned by Borrower without the express written consent of the County, which may be granted or denied in its sole discretion.

Adverse Change:

The County will not be obligated to close the loan if the statement of facts submitted by the applicant has adversely changed from that which existed at issuance of this Commitment, including but not limited to material changes to construction costs, lending or equity commitments. The issuance of this Commitment is based upon the accuracy of your representations and statements, your application and all additional information submitted to the County for consideration. Such determination of facts will be in the sole discretion of the County.

**Legal Counsel and
Loan Expenses:**

The cost of the County's legal counsel will be charged to and paid by the Borrower. The Borrower will pay all costs incurred in connection with the loan including, but not limited to all insurance premiums, recording costs, survey costs, taxes, appraisal fees and Borrower's attorney's fees.

Income Restrictions:

At least 72 units will be affordable to qualifying tenants earning at or below 50% Area Median Income ("AMI") for Wake County; at least 72 units will be affordable to qualifying tenants earning at or below 60% AMI for Wake County; and, at least 72 units will be affordable to qualifying tenants earning at or below 70% AMI for Wake County, all calculated under the requirements of Section 42(I)(2)(E) of the Internal Revenue Code of 1986, as amended and 24 CFR Section 92.216. In addition, at least 22 of the units will be reserved for Wake County Permanent Supportive Housing Voucher clients and at least 22 units will be reserved for other supportive housing clients. Affordability of these units will be maintained for a period of not less than 30 years from the later of the issuance of the last Certificate of Occupancy or recordation of a Declaration of Deeds Restrictions or Deed of Trust and shall be reflected in a Declaration of Deed Restrictions recorded at closing or at such other time as the County may require.

Plans and Specifications:

Prior to construction, the County will be provided a copy of plans and specifications of the proposed improvements.

**Environmental
Certifications:**

N/A.

**Documentation and
Conditions:**

The Borrower agrees to provide the County with any and all documentation as the County may request in order to complete the loan package and monitor the loan as stated in the terms. This documentation includes, but is not necessarily limited to: financial statements; cost certifications; assignment of Borrower's interest in

leases; Lender's title insurance commitment in loan amount; survey; fire, extended coverage, flood and appropriate liability insurance; evidence of compliance with all laws; evidence of appropriate zoning; plans and environmental audit; appraisal; financial statements and operating statements.

Funding is contingent on satisfactory completion of Wake County's review and approval of all loan and entity documents to be set forth on a Closing Checklist prepared by attorneys for Wake County.

This Commitment is subject to the following:

- Evidence of a bank construction and permanent loan commitments;
- Evidence of an equity commitment from an equity investor;
- Evidence of an award of LIHTC credits;
- Provision of such other due diligence as the County may reasonably require.

Other Federal Requirements:

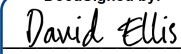
This project must comply with all applicable requirements under the US Department of Housing and Urban Development Fair Housing Standards.

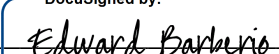
This Commitment is intended to outline the principal financial terms of this transaction but should not be considered a comprehensive listing of requirements and documentation required as a condition of closing. This commitment is valid for eighteen (18) months from the date of this correspondence, if not closed sooner or extended by the County.

This Commitment is open for your acceptance. To acknowledge your acceptance, please sign and return by May 15, 2020.

Please include a copy of your latest financial audit and management letters when you return this Commitment letter.

Sincerely,

DocuSigned by:

Wake County
Name: David Ellis
Title: County Manager
Date: 5/5/2020

DocuSigned by:

Edward Barberio
Deputy Director
Wake County Housing Affordability
Community Revitalization

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The foregoing terms and conditions are hereby accepted and agreed to this 14th day of May, 2020.

For the Borrower:

Volunteers of America

By: Kimberly Black King
Kimberly Black King
Date: 5/14/2020

DocuSigned by:

Kimberly Black King

Kimberly Black King

5/14/2020