

SECTION 108 LOAN
APPLICATION FOR SUPPORT
FOR THE REDEVELOPMENT OF
PELFREY PINES
(199 GROVE WAY)

The City of Roswell, GA

Revised 11-1-24

City Representative: Allison Cook

Grant Specialist
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770-641-3727

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Executive Summary and Community Development Goals

The City of Roswell was designated as an entitlement community by the U.S. Department of Housing and Urban Development (HUD) in 2012. As an entitlement community, the City qualifies for annual formula allocations through HUD's Community Development Block Grant (CDBG) program. The purpose of the CDBG program is to help communities provide decent housing and a suitable living environment, and to expand economic opportunities, principally for low- and moderate-income (LMI) persons. In order to receive the annual grant allocation, the City is required to submit a five-year Consolidated Plan (Con Plan) to HUD outlining its goals and intended uses for the CDBG funds.

The City's current 2023-2027 Con Plan identified two priority needs for the next five years of CDBG funding: 1) Improving access to and quality of affordable housing, and 2) Planning and administration for the CDBG program. While the planning and administration priority stemmed from the City's need to cover costs associated with oversight and management of its CDBG program, the main priority of improving affordable housing was established to address a major reduction in the City's affordable housing stock.

In 2022, the Roswell Housing Authority (RHA) the City's largest affordable housing provider, completed an engineering study of its portfolio that determined its Pelfrey Pines Apartments located at 199 Grove Way were structurally unsound and unsafe. The complex consisting of 40 affordable housing units, office space, and a community center had to be vacated. The residents were relocated, and the RHA lost 42% of its 95 Rental Assistance Demonstration (RAD) units. The RHA had been considering redevelopment options for years due to the age of its portfolio, but the shuttering of the Pelfrey Pines units expedited its efforts and amplified the need for City assistance.

To address this need, the RHA submitted a 9% Low-Income Housing Tax Credit (LIHTC) application to the Georgia Department of Community Affairs (DCA) in 2023 to help fund the first phase (Phase I) of its redevelopment, which includes the construction of 102 new affordable housing units at 199 Grove Way. Due to limited upfront resources, the RHA requested the City's help to fill a substantial funding gap and to strengthen the application's chance of success. The City explored various internal funding options to fund its support but ultimately decided that its CDBG program would be the optimal source of funds.

The City first allocated over \$400K of its prior-year and 2023 program-year CDBG funds to the demolition and clearance of the hazardous and blighted building at 199 Grove Way. The City then pledged \$2M in support for site preparation prior to the new construction. Unfortunately these funds are all needed in the first year of the redevelopment activities, and the City's annual CDBG allocation is only about \$400K, thus the City looked to HUD's Section 108 loan program.

The Section 108 program allows local governments to use their CDBG funds to federally guarantee loans large enough to pursue physical and economic revitalization projects by pledging their current and future CDBG allocations as security for the loan. HUD allows entitlement communities to apply for loan amounts up to five times their annual CDBG allocation.

The RHA's LIHTC credit application was approved in late 2023, and it plans to close on the deal in late 2024. The City is now moving forward with submitting its application for Section 108 loan funds to meet the \$2M pledge. The City's 2024 CDBG allocation is \$407,830, and this City is applying for the maximum loan amount of \$2,039,000. While CDBG funds are prohibited from being used for new construction

activities, they can be used for site work in preparation of the new construction. The City plans to pay the loan back in 7-10 years using 80% (currently \$327K) of its annual CDBG allocations starting in 2024. HUD requires additional collateral for the loan, so the City agreed to pledge real property on 1355 Woodstock Road.

Project Description

This project presents the rare opportunity to create new affordable housing in one of Georgia's highest-income and most amenity-dense communities with substantial barriers to entry. This transformative project will enable the Roswell Housing Authority (RHA) to provide a larger number of quality affordable housing units in this extremely desirable community for years to come.

The overall master plan for the redevelopment of Pelfrey Pines located in the City of Roswell on Grove Way will contain two phases. Both proposed phases of this redevelopment effort will occur over RHA's 95-unit Rental Assistance Demonstration (RAD) portfolio known as Pelfrey Pines. Despite best efforts, Pelfrey Pines is experiencing large capital needs, to the detriment of RHA resources. Over the past years, one of the buildings containing 40 RAD units (199 Grove Way, the subject site) became structurally unstable, prompting the relocation of these tenants from the building through tenant protection vouchers. RHA, the City of Roswell, the Georgia Department of Community Affairs (DCA), and the U.S. Department of Housing and Urban Development (HUD) have worked together to address this unprecedented situation and together recognize the need to greatly expedite their efforts to return these units to service. Not only has the project team fought to return these units to service quickly, but they are simultaneously increasing the number of overall affordable units that RHA is able to provide to the community and anticipates adding 250 units of new supply to RHA's inventory over the course of the redevelopment effort.

This first phase (Phase I) is largely supported through the DCA's recent approval of the RHA's Low-Income Housing Tax Credit (LIHTC) application. Phase I will be comprised of 102 units (all of which will be affordable and set aside as LIHTC units) targeting households at the 30%, 60%, and 80% AMI levels (utilizing income averaging). 40 of these units will serve as RAD replacement units to replace the RAD/PBRA units which were previously lost during the 199 Grove Way demolition due to their buildings becoming structurally unstable. The project team will capitalize on this unique opportunity to create new affordable housing in Roswell and is endeavoring to not only rebuild the 40 lost units but to greatly expand the number of affordable units on the site to 102.

Providing safe and affordable housing is the top priority of the team. The project is designed to provide the most efficient product while maximizing resident experience. It is proposed to be comprised of 99 one-bedroom units and 3 two-bedroom units. Amenities will include a fully equipped fitness room, mailroom, community room, activity room, gazebo, and central laundry. All units will be set aside as LIHTC units at the 30%, 60%, and 80% AMI levels (using income averaging), and the 30% AMI units will receive RAD/PBRA subsidy as RAD replacement units.

Future residents of the Project will have access to a wide range of community amenities in one of Georgia's ten highest income communities. Roswell has some of the top-performing public schools in the State of Georgia, as well as a sprawling network of trails, parks, and nature preserves. The project is within a minutes' walk of two large public parks (Waller Park and Groveway Community Park), a nature trail (Oxbo Trail), and the Chattahoochee River National Recreation Area. It is also a short walk from

Roswell's historic downtown corridor, various historic landmarks, and a variety of retail and other community assets.

Given the unprecedented circumstances of RHA's existing portfolio, the project team recognizes the urgency of the situation and believes that a Section 108 loan presents the most expeditious and effective means of replacing the lost RAD units. The team further recognizes that this project is one of few opportunities to new, high quality, 100% affordable housing product in one of Georgia's most affluent and amenity-dense communities. This endeavor will have a transformative impact on both the community itself and the lives of future residents, and its goal is to also have a wider impact across the state by serving as a model that can be replicated across other cities, housing authorities, and public-private partnerships. If awarded, it is anticipated the project would commence construction in May 2025 and complete construction in May 2026.

Description of Compliance with Eligible Activities and National Objectives

CDBG funding is established under Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301 et seq.) The Act requires that CDBG-assisted activities meet one of three national objectives: 1) Benefit low and moderate income persons; 2) Aid in the prevention or elimination of slum and blight; and 3) Meet a need having a particular urgency. Per 24 CFR § 570.208(a)(3), these Section 108 funds will benefit low and moderate income persons (National Objective 1) under the housing activities category. These Section 108 funds will be for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by LMI households. All 102 of the new units at 199 Grove Way will be occupied by Low and Moderate Income households at the 30%, 60%, and 80% AMI levels with 40 of the units earmarked as RAD units.

More specifically, per Section 3.2.3 of the *Basically CDBG* guidebook, the funds will be applied directly to "site improvements on publicly-owned land to serve a new apartment structure to be rented to LMI households at affordable rents." The site improvements conducted with these funds include earthwork, storm drainage, concrete paving, asphalt paving, foundations, and other expenses related to ensuring the site is adequately prepped for construction.

Anticipated Timeline for Phase I Reconstruction

- Oct 2024 – Submit Section 108 loan application to HUD
- Nov 2024 – Complete demolition of 199 Grove Way building
- Mach 2024 – Confirm Section 108 commitment from HUD and close on Phase I construction
- May 2025 – Begin Phase I construction
- May 2026 – Confirm certificate of occupancy and complete Phase I construction
- June 2026 – Conduct grand opening and ribbon cutting for new units

Information on the Environmental Review Process

A Phase I Environmental Assessment (EA) for the project was completed in June of 2024 before the demolition of the 40 structurally unsound and Asbestos-laden units commenced. There were no findings or concerns related to the environmental impact. Upon the completion of the demolition and site clearance of 199 Grove Way, an update to the EA will be completed.

Information on Organizational Arrangements

Construction

The development partner for this project is Pennrose, LLC. Pennrose began as an urban developer in Philadelphia over 40 years ago, working in collaboration with neighborhoods to create urban and suburban affordable housing through a mixed-financing, multisector approach. Since then, Pennrose has grown to a national developer with a depth and breadth of experience in urban development and revitalization which makes it unique on the national stage. Pennrose has developed more than 17,200 rental housing units, representing over \$3 billion in total development costs financed through a variety of public and private sources. Its portfolio includes more than 265 distinct developments in 16 states, plus the District of Columbia, and the U.S. Virgin Islands.

As one of Roswell's only affordable housing providers, RHA is uniquely positioned to deliver this asset to a community which has a critical need for affordable and workforce housing. As an established affordable housing developer, Pennrose is excited to partner with RHA and the City of Roswell to help them build experience and capacity as a LIHTC developer. Additional information about Pennrose's experience developing affordable housing can be found in Appendix C.

Site Control

The development site (199 Grove Way, Roswell, GA) is currently owned by the RHA, who has selected Pennrose as its experienced developer partner to undertake the redevelopment of the site. At closing, the RHA will convey ownership to the Ownership Entity (Organizational Chart Included as Appendix B) via a long-term ground lease. An option to ground lease has been executed between the parties and is included in Appendix A.

Managerial

The RHA will provide primary oversight of their development partner, Pennrose LLC during the construction of 199 Grove Way's 102 units (all of which will be affordable and set aside as LIHTC units) targeting households at the 30%, 60%, and 80% AMI levels (utilizing income averaging). 40 of the units will serve as RAD replacement units to return RAD/PBRA units which were previously lost at 199 Grove Way due to their buildings becoming structurally unstable.

The project also benefits from the immense experience and industry knowledge held by the Gainesville Housing Authority (GHA). Because of its exceptional track record and status as a high-performing public housing authority, GHA was selected and contracted to serve as the administrator and management agent of RHA. As such, the executive staff of GHA oversee all operations of RHA, including its development efforts.

The City of Roswell will serve primarily in a compliance auditing role. The City will confirm the project's adherence to HUD's rules governing the project including overseeing the environmental review process, conducting Davis-Bacon surveys, and completing periodic reporting for HUD regarding the progress of the project.

Together, the project team brings a wealth of experience to deliver this catalytic and high-impact project.

Financial

The project is financed through a number of mechanisms. The RHA received more than \$15M in 9% LIHTCs from the DCA and the Housing Trust Fund (HTF) along with \$200K from the state of Georgia's HOME Investment Partnership Program (HOME). The City of Roswell is contributing more than \$2.5M from the CDBG and Section 108 loan programs, courtesy of HUD. Additional funds are also being pursued through Fulton County but have not yet been secured. Please see Appendix D for the Pro Forma.

Information for Financial Underwriting

Amount of Section 108 Request

The City of Roswell, GA respectfully requests a Section 108 Loan in the amount of \$2,039,000 to help fund site work for the Roswell Housing Authority's Phase I reconstruction of 199 Grove Way.

Form of Assistance

The City of Roswell will provide the Section 108 funds to the Roswell Housing Authority in the form of a 30-year, zero-interest loan. The subsidized loan will not require payments and will be forgiven once the City has fully repaid its Section 108 loan and the RHA has satisfied HUD's affordability period requirements for the housing units.

Expected Sources of Repayment, Proposed Repayment Schedule, and Loan Fee Payment

The City has pledged to utilize 80% of its annual CDBG allocations to pay back the Section 108 loan starting with its 2024 CDBG program year funds. The City's 2024 allocation from HUD was \$407,830, so the City has used 80% of that amount (\$327,000) as an estimate in the prospective repayment schedule in Appendix K. The schedule assumes the current interest rate of 5.464% (5.114% 13-week Treasury Auction Bill Rate + 35 basis points) compounded monthly, the 1.64% origination fee (\$33,440) rolled into the principal, and quarterly repayments (\$81,750) based on the City's estimated annual contribution. Repayments would begin in Quarter 2 of FFY 2025.

Proposed Additional Security

The City has pledged real property located at 1355 Woodstock Road as collateral for the loan. An appraisal has been ordered, but the City anticipates that the property will more than cover the 125% value needed for the loan collateral. Please see Appendix L for a map of the property.

Contact Information

Local Point of Contact

To ensure access to all information, at a minimum, an executive summary of all documents will be placed on the City of Roswell's website, www.roswellgov.com/cdbg. Hard copy documents will be available at:

City of Roswell Grants Division
38 Hill Street, Suite 130
Roswell, GA 30075

Roswell Housing Authority
766 Myrtle Street
Roswell, GA 30075

East Roswell Public Library
2301 Holcomb Bridge Road
Roswell, GA 30076

Roswell Public Library
115 Norcross Street
Roswell, GA 30075

Reasonable and timely access will be given to public records including the City's use of assistance for the preceding five years. The City will provide a reasonable number of free copies of each document with sufficient notice. A request for a copy can be made by contacting cdbg@roswellga.com or by contacting the CDBG Program at 770-641-3727. Additionally, the City will held a public hearing on Monday August 19th at 5:30 PM in room 220 at City Hall.

The City of Roswell desires and encourages continuous citizen feedback and community input related to this CDBG federal program and all federal programs administered by the City. All concerns or complaints related to the Citizen Participation Plan, Consolidated Plan, Annual Action Plan, Annual Performance Report, Section 108 Loan Application, and any substantial amendments should be submitted in writing to the CDBG Program Director. Written complaints may be submitted to:

City of Roswell
Grants Division
38 Hill St., Suite 130
Roswell, GA 30075

Concerns, complaints, questions, or requests for information may also be submitted electronically to cdbg@roswellgov.com. All written and electronically submitted correspondence received by the City of Roswell will be addressed in writing within 15 working days, where practicable, as required by federal regulations.

Field/ Regional Office Point of Contact

HUD is organized into 10 Regions. Each Region is managed by a Regional Administrator, who also oversees the Regional Office. Each Field Office within a Region is managed by a Field Office Director (Shea D. Johnson), who reports to the Regional Administrator (Jennifer Riley Collins).

U.S. Department of Housing and Urban Development – Atlanta Regional Office
Martin Luther King Jr. Federal Office Building
77 Forsyth Street SW, Terrace Level
Atlanta, GA 30303
(P) 678-732-2200
(F) 404-730-2392

Congressional District and Delegation

Both Roswell, GA City Hall and the project site (199 Grove Way) are located in the 6th Federal Congressional District of Georgia.

The US Representative for this District is:

Rep. Richard McCormick – Washington, DC Office
1213 Longworth House Office Building
Washington, DC 20515
(P) 202-225-4272

The US Senators for this District are:

Sen. Rev. Raphael Warnock – Washington, DC Office
Russell Senate Office Building
Suite 416
Washington, DC 20510
(P) 202-224-3643

Sen. Jon Ossoff – Washington, DC Office
Hart Senate Office Building
Suite 303
Washington, DC 20510
(P) 202-224-3521

Certifications for Entitlement Public Entities

These certifications will be signed by the Mayor and City Administrator after the Public Comment Period concludes and the feedback is incorporated into the loan application.

DRAFT

Appendices

Appendix A – Site Control: Option to Ground Lease

Appendix B – RHA Redevelopment Phase I: Org Chart

Appendix C – RHA Redevelopment Phase I: Developer Resume

Appendix D – RHA Redevelopment Phase I: Operating Pro Forma

Appendix E – RHA Redevelopment Phase I: Sources and Uses Statement

Appendix F – Tax Credit Equity Commitment Letter

Appendix G – National Housing Trust Commitment Letter

Appendix H – HOME Construction/ Permanent Loan Commitment Letter

Appendix I – RHA Commitment Letter

Appendix J – City of Roswell Commitment Letter

Appendix K – Repayment Schedule

Appendix L – Woodstock Road Parcel Map

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RHA Redevelopment Phase I – Organization/Site Control Narrative

The development site (199 Grove Way, Roswell, GA) is currently owned by the Roswell Housing Authority, who has selected Pennrose (resume included) as its experience developer partner to undertake the redevelopment of the site. At closing, the Roswell Housing Authority will convey ownership to the Ownership Entity (organizational chart included) via a long-term ground lease. An option to ground lease has been executed between the parties and is included with this transmittal.

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OPTION AGREEMENT

IBIS OPTION AGREEMENT ("**Agreement**") dated May 1, 2023 is given by the **HOUSING AUTHORITY OF THE CITY OF ROSWELL**, a public body corporate and politic created and existing under the laws of the State of Georgia (the "**Authority**") to **OAK STREET I LLC**, a Georgia limited liability company (the "**Optionee**").

The Authority is the owner of the real property together with the improvements thereon, consisting of a tract of land located in Roswell, Fulton County, Georgia, as described in **Exhibit** attached hereto and incorporated herein by reference (the "**Property**").

The Optionee desires to obtain an option to acquire a ground lease of the Property. The Property will be leased by Authority to Optionee under a long-term ground lease to be prepared by Authority's counsel, subject to the material terms set forth herein (the "**Ground Lease**"). The parties acknowledge that certain improvements are currently located on the Property but that such improvements are to be demolished by Optionee as part of Optionee's redevelopment of the Property. Such existing improvements shall be conveyed by the Ground Lease as part of the Property without additional consideration.

In consideration of the sum of Ten and No/100 Dollars (\$10.00) paid by the Optionee to the Authority, which sum shall be in addition to the purchase price paid in the event the Option (defined below) is exercised, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. *Grant of Option.* The Authority offers to convey to the Optionee and hereby grants to the Optionee the exclusive, continuing and irrevocable option to lease the Property including all rights, benefits, privileges, easements, hereditaments and appurtenances thereunto belonging (the "**Option**") on the terms of the Ground Lease.

2. *Time for Exercise.* The Option must be exercised by the Optionee on or before December 31, 2024 ("**Option Period**"); provided, however, Optionee may extend the Option Period for the shorter of the (i) minimum term required to comply with the requirements of Georgia Department of Community Affairs' ("DCA") requirements for site control and (ii) sixty (60) days following the date that DCA awards low income housing tax credits to the Optionee for the benefit of the Property, by giving written notice to Authority on or before December 31, 2024. If the Option is not exercised within the Option Period (as it may be extended), this Option shall automatically cease and terminate, neither party shall have any further rights hereunder, at law or in equity, and this Agreement shall be null and void, all without further action or documentation by either party.

J.. J'enn.J' and C.md.ifu'lt..r q/ Or<7u'lrd I .Af. The &aro.7.d Le.ht: slr-iiU be (JII a form prepared by Authority's counsel and mutually agreed to by Authority and Optionee in their reasonable discretion. The material terms of the Ground Lease shall be as follows:

- (a) The term shall be a minimum of seventy-five (75) years.

- (b) The rent for the Property to be paid by Optionee shall be an amount of \$1.00 per rent. Such rent to be paid upfront upon execution of the Ground Lease.
- (c) The Optionee shall pay all operating expenses, insurance, and real estate taxes or payments in lieu of real estate taxes. Notwithstanding the foregoing, the parties anticipate the project should not be subject to ad valorem taxes as the Ground Lease will be designated as a private enterprise agreement in accordance with O.C.G.A. 8-3-3(13.1), and the project shall be occupied or reserved for occupancy solely by low income households.
- (d) Optionee shall not have the right to transfer or assign its rights under the Ground Lease without Authority's prior written consent.

4. *Manner of Exercise.* The Option shall be exercised within the Option Period by the timely delivery of written notice to the Authority, at the Authority's address set forth below. Such notice shall set forth the proposed date of closing for the financing of the affordable housing project to be constructed and/or renovated on the Property. Authority's obligation to enter into the Ground Lease shall be subject to the final approval of the U.S. Department of Housing and Urban Development.

5. *Rights and Obligations of the Parties if the Option Is Exercised.* In the event that Optionee exercises the Option within the Option Period, then thereafter the rights and obligations of Optionee and Authority with respect to the Property shall be governed by the terms and conditions contained in the Ground Lease and Purchase Agreement, respectively

6. *Assignment.* This Agreement is not assignable by Optionee or Authority without first obtaining the prior written approval of the other party.

7. *Addresses.* The address of the Authority is as follows:

if to the Authority: Housing Authority of the City of Roswell
199 Grove Way
Roswell, Georgia 30075
Attn: Executive Director

with a copy to: I. Stewart Duggan, Esq.
BRINSON ASKEW BERRY
P.O. Box 5007
Rome, Georgia 30162-5007
isduggan@brinson-askew.com

The address of the Optionee is as follows:

Oak Street I LLC
c/o Pennrose, LLC
230 Wyoming Avenue
Kingston, PA 18704
Attn: Mark H. Dambly

with a copy to:

Berman Indicator LLP
30 N. 41st St., Suite 450
Philadelphia, PA 19104
Attn: Steven P. Berman, Esq.

8. No Third Party Beneficiaries. Nothing contained in this Agreement, nor any act of the Authority, shall be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving the Authority and the Optionee.

9. Brokers. Each party shall indemnify and hold the other party harmless from and against any and all commissions, fees, costs or expenses incurred by or due to any real estate broker alleged to be engaged by either party or by reason of the execution of this Agreement or the Lease.

10. Modifications. No modification of this Agreement shall be effective unless set forth in writing and signed by both parties hereto.

11. Successors and Assigns. This Agreement shall be binding, upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

13. Interpretation and Governing Law. This Agreement shall be construed as though prepared by both parties. This Agreement has been made and entered into and shall be construed, interpreted and governed by the law of the State of Georgia. Any litigation regarding this Agreement or the Property shall be brought in the courts located in Fulton County, Georgia.

14. Severability. If any portion of the Agreement is declared by a court of competent jurisdiction to be valid or unenforceable, such portion shall be deemed severed from this Agreement, and the remaining parts shall remain in full force as though such invalid or unenforceable provision had not been a part of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF the parties have duly executed this Option Agreement as of the date set forth above.

Authority:

**HOUSING AUTHORITY OF THE CITY OF
ROSWELL**, a public body corporate and politic

By: _____


Beth A. Brown
Executive Director

Optionee:

OAK STREET I LLC,
a Georgia limited liability company

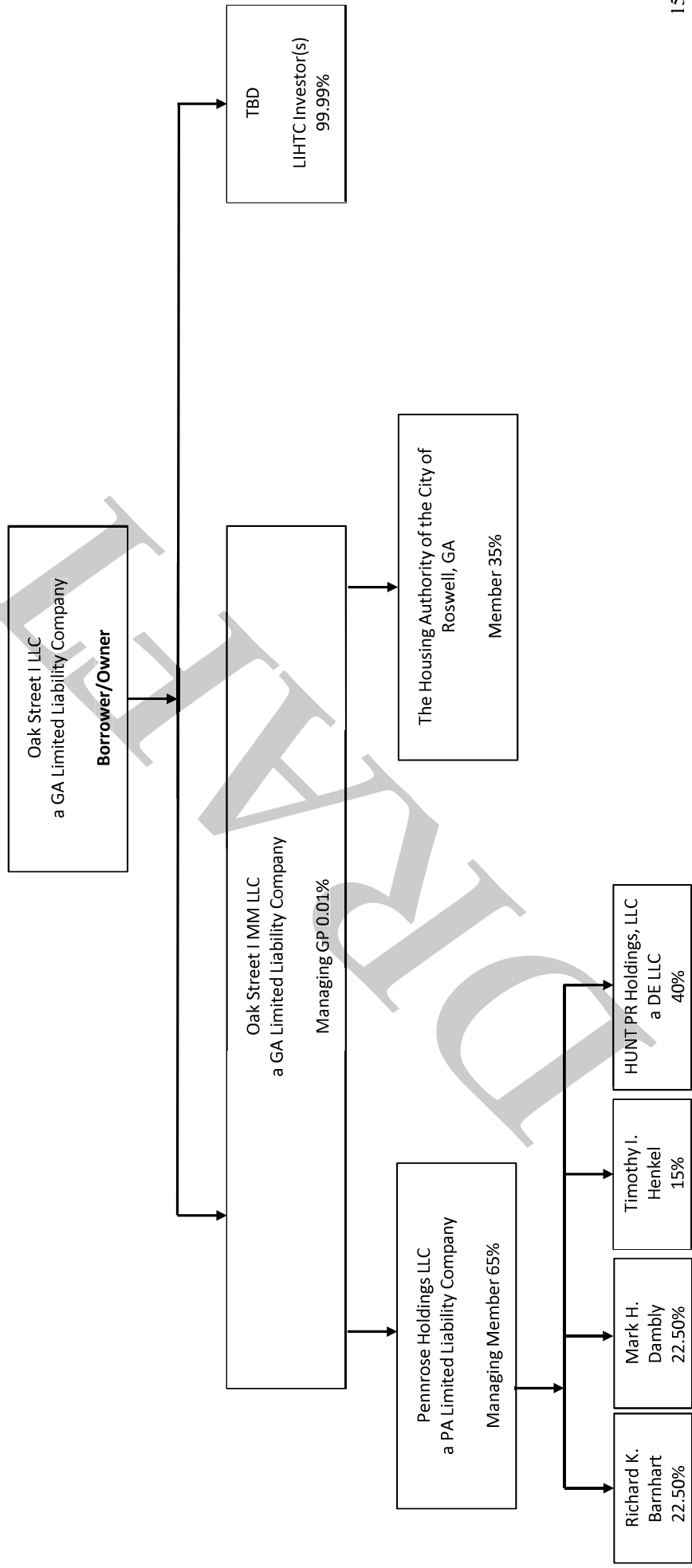
By: Oak Street I MM LLC,
a Georgia limited liability company
Its: Managing Member

By: _____


Mark H. Dambly
President

RHA Redevelopment Phase I – Org Chart

Organizational Chart of Borrower/Owner



Pennrose, LLC

Co-Developer

675 Ponce de Leon Avenue NE, Suite 8500, Atlanta, GA 30308
Contact: Amon Martin III, Regional Vice President
Telephone: 470.585.2413

PENROSE
Bricks & Mortar | Heart & Soul

Firm Overview

Pennrose is a premier multifamily development company with the expertise to bring together development projects in a way that exemplify quality while creating value in the short- and long-term, and a national reputation for development execution. Pennrose has been active in real estate development, through its principals or affiliates, for 50 years.

Pennrose has developed more than 27,000 rental housing units, representing \$5 billion in total development cost financed through a variety of public and private sources. Pennrose's portfolio includes more than 360+ distinct developments in 16 states plus the District of Columbia and the U.S. Virgin Islands. Pennrose is one of the nation's leading developers of mixed-finance projects, and has been a designated redeveloper in over 100 municipalities, and regularly helps cities transform underutilized sites into thriving mixed-use economic development engines.

Pennrose has repeatedly demonstrated its skill at leading complex multi-phased projects through the stages of comprehensive community planning, site planning, and implementation, and has shown the commitment to actively engage and manage the community outreach process that is crucial to the success of all those stages.

In all of its developments, Pennrose has demonstrated an ability to secure the necessary financing including Low Income Housing Tax Credits (LIHTC), Historic Tax Credits, New Market Tax Credits (NMTC), state and local funds, and private mortgage financing to ensure the successful completion of the redevelopment process. Pennrose is intimately familiar with all the required procedures to receive awards and implement the utilization of these funds; from preparing applications, to working through the complexities of overlaying funding requirements, achieving financial closing and meeting on-going compliance requirements. Virtually all Pennrose's developments feature strong resident and community involvement and employment in the planning and construction processes. Pennrose has acquired a well-deserved reputation because of its concern for and attention to the needs of its residents. Its developments have won numerous awards for project design and community revitalization.

In 2017, Pennrose became a member of the Hunt Family of Companies by successfully closing on a strategic alliance, whereby Hunt acquired a minority interest in the firm. As part of this transaction, Hunt secured a long-term interest in Pennrose's future development activities while Pennrose assumed responsibility and oversight for a substantial portfolio of projects in Hunt's pipeline.

Pennrose and Hunt are two of the nation's most respected multi-family and mixed-use developers. Each firm is led by veterans of the industry who have committed themselves to building organizations of depth, capacity and stability. Pennrose and Hunt share similar cultures and values—we care about our people and the communities where we operate.

Our partnership with Hunt Companies, which includes a tax credit investment affiliate, Hunt Capital Partners enables Pennrose to have a direct line to additional equity and capital as well as the ability to draw upon the expertise of the other affiliate companies. In addition, Pennrose can leverage Hunt's broad real estate market reach—including partners, lenders, issuers, investors, advisors, and underwriters—to identify the most cost-effective financing structures and attractive risk adjusted return investment opportunities for its clients.

TIMOTHY I. HENKEL

President, Pennrose



Education: Master of Business Administration, University of Rochester
Bachelor of Science, Civil Engineering, Bucknell University

Experience: 21 years with the firm | 25 years in the industry

As a principal and President, Tim Henkel is responsible for all aspects of Pennrose's national development strategy. He oversees a team of senior and regional vice presidents and has been instrumental in Pennrose's continued growth in key markets across the country. Tim has overseen the growth of Pennrose's development platform to include new construction, adaptive reuse, and acquisition/preservation projects. The combination of diversified housing products and expanded geography have established Pennrose as an engaged leader in the delivery of housing opportunity and resident services in a diverse range of communities. Tim began his career at Pennrose in 1999. He is an expert in all forms of public and private real estate financing including affordable housing via Federal and State Low Income Housing Tax Credits (LIHTC), Federal and State Historic Rehabilitation Tax Credits (HTC), mixed-income multifamily housing via tax-exempt bonds, and public housing replacement leveraging federal HOPE VI grants. In addition, he has executed market rate and mixed-income development using various combinations of New Market Tax Credits (NMTC), Urban Transit HUB Tax Credits, and other state incentive programs. Tim currently serves on the board of the National Housing & Rehabilitation Association and NJ Apartment Association. He is an alumni board member of the William E. Simon School of Business and serves on the board of Citizens Housing Planning Council in New York City. He previously served on the board of Triple C Housing and Penn Reach, a nonprofit dedicated to helping people with special needs find homes and services. Tim is a frequent panelist and speaker at regional real estate development events.

RELEVANT EXPERIENCE



Cleborn Pointe at Heritage Landing, Memphis, TN

+\$76M | 362 Units

Cleborn Pointe at Heritage Landing is a \$76 million Hope VI Redevelopment effort of the former Cleborn Homes public housing project. Pennrose and the development team secured the financial participation of numerous community partners that leverages \$22 Million in HOPE VI funds. This total development is 362 mixed-income development.



Meriden Commons I and II, Meriden, CT

+\$48M | 151 Units

Pennrose was engaged in a multi-phase redevelopment plan with the City of Meriden and the Meriden Housing Authority to redevelop the 140 unit Mills Memorial public housing site. The site was the subject of a Master Developer RFP, won by Pennrose and its development team in 2012. Meriden Commons is a mixed-use, mixed-income community, revitalizing the downtown core.



NYCHA RAD Bundle III, Brooklyn, NY

+\$382M | 1,321 Units

Pennrose is working with NYCHA to repair and upgrade its housing units under NYCHA's Permanent Affordable Commitment Together (PACT) program. Known collectively as Bundle III, the project includes 1,321 family and senior affordable housing units across 61 buildings at three developments. The project includes some of NYCHA's most challenging, scattered-site buildings.



Maple Hills, Chattanooga, TN

+\$9M | 48 Units

Maple Hills is a mixed-income development comprised of 8 residential buildings with a total of 48 residential affordable family rental units with a unit mix of two and three bedrooms. The property is part of Chattanooga Housing Authority's Upward Mobility Program and residents will participate in self-sufficiency programs.

IVY DENCH-CARTER

Senior Vice President of Development, Pennrose

Education: Spelman College
Experience: 32 years with the firm | 34 years in the industry



As Senior Vice President of Development, Ivy Dench-Carter oversees the execution and growth of Pennrose's development pipeline within multiple designated regions, provides oversight of performance goals for the regions as identified in Pennrose's Strategic Plan, and monitors regional performance and efficiency. Ivy also provides executive representation of Pennrose among industry organizations and associations, financial partners, design and construction partners, Housing Authorities, and State Agencies. Ivy previously lead the Pennrose Baltimore Regional office where she oversaw all phases of development process, from sourcing deals to securing financing to overseeing the transition from construction to management. Under her supervision, she was proud to lead an exceptional staff who are responsible for the day-to-day project management and development activities. One of her many strengths is the ability to support her staff to successfully manage large teams to maintain the project the schedule and keep costs within budget. However, she continues to enjoy meeting with public housing residents and community stakeholders to alleviate their fears of redevelopment and providing them the opportunities for Section 3 and MBE/WBE participation during a transparent development process.

RELEVANT EXPERIENCE



The Lift & Rise on Jefferson I & II, Newport News, VA

+\$24M | 82 Units

The Lift & Rise on Jefferson buildings seek to create an active and vibrant gateway to the Marshall Ridley neighborhood in Newport News, Virginia and are designed to achieve Enterprise Green Communities and Energy-Star certification, including energy saving electrical fixtures and water-saving features to reduce water usage. The projects are apart of a larger Choice Neighborhood Initiative master plan.



Uplands Redevelopment, Baltimore, MD

+\$237M | 761 Units

The project is a critically-needed, six-phase project consisting of two phases of rental and four phases of homeownership. The units are housed within 13 buildings that consist of townhouses, flats, and stacked flats. The master planned, transit-oriented development has passive parks, retail spaces, and is targeting LEED ND certification; the rental clubhouse has earned LEED Gold certification.



Orchard Ridge, Baltimore, MD

+\$90M | 413 Units

Orchard Ridge is a vibrant, new master-planned community built on the sites of former public housing complexes. Completed in 2017, the new development consists of 378 rental units, 35 homeownership units, and a new clubhouse. The project includes affordable and market-rate apartments, offers high quality living for persons with disabilities, and is Green Communities and Energy Star Certified.



Glenarden Hills, Glenarden, MD

+\$105M | 430 Units

This four-phase, master-planned redevelopment includes affordable, market-rate, and for-sale housing for families and seniors in Prince George's County. Pennrose incorporated community input into the 27 acre site, which makes the development walkable, green, and includes an array of housing types and amenities. The development includes a 5,900 SF community clubhouse.

AMON MARTIN, III

Regional Vice President, Pennrose



Education: Masters in Public Management, University of Maryland School of Public Affairs
Bachelor of Science, United States Air Force Academy

Experience: 6 years with the firm | 22 years in the industry

As Regional Vice President, Amon Martin is responsible for the execution and continued growth of Pennrose's development pipeline including all aspects of the real estate development process from initial conception through construction, to lease-up and stabilized occupancy or sale within the Southeast area. Amon joined Pennrose, LLC in 2016 as Senior Developer. Amon brings with him over 20-years of progressive experience in market-rate and affordable apartments, small-scale and large; multi-family and senior conventionally financed or with public financing. He is a real estate professional with notable success within the areas of design, development, financing, underwriting, master planning, management/operations, land swaps, infrastructure improvements, demolition, construction, and acquisitions. Prior to Pennrose, Amon was Senior Development Director with Integral Group, LLC where he contributed to growth and new business development and was charged with mixed-income/mixed-use developments in the Southeast. He also worked at The Shelter Group, located in Baltimore, where he led the development of affordable/market-rate multifamily and senior housing in the Mid-Atlantic.

RELEVANT EXPERIENCE



Herndon Square, Atlanta, GA

+\$150M | 700 Units

The Atlanta Housing Board of Commissioners authorized Atlanta Housing to redevelop the former Herndon Homes site. The development as envisioned, will be a viable, healthy, and sustainable mixed-use and mixed-income community which will serve as a catalyst to spur future development opportunities in the surrounding area.



Gateway Pointe I & II, Warner Robins, GA

+\$30M | 180 Units

Gateway Pointe I (Warner Robins Redevelopment) is a mixed-income/mixed-use master plan community, located at 1000 S. Armed Forces Blvd in Warner Robins, GA. The Warner Robins Redevelopment Master Plan will be a multi-phase/mixed-use development of an approximate 15-acre City owned site and adjacent 10 acre Memorial Park.



McAuley Park Phase I, Atlanta, GA

+\$45M | 170 Units

Pennrose, LLC (Pennrose) and Saint Joseph's Health System, Inc. (Mercy Care) have partnered to develop the multi-phased mixed-use/mixed-income project – McAuley Park. McAuley Park Phase I will be the new construction of 171-unit multifamily development with a mix of workforce housing, affordable and permanent supportive housing units.



Haven at South Atlanta, Atlanta, GA

+\$17M | 84 Units

Pennrose, LLC and Focused Community Strategies (FSC), an Atlanta based non-profit have partnered together to develop an 84-unit mixed-income multifamily, which will consist of 1, 2, and 3-bedroom apartment homes. These garden style apartments will include 50% AMI, 60% AMI, and Market-Rate apartments home The site is located 10 minutes away from downtown Atlanta.

TAYLOR BROWN

Developer, Pennrose



Education: Masters in Real Estate Development, Clemson University
Bachelor of Arts, Business Administration, Valdosta State University

Experience: 2 years with the firm | 11 years in the industry

Taylor Brown is an accomplished real estate developer with extensive experience in a wide range of complex, urban multifamily rental housing and mixed-use projects. Previous projects focus on New Urbanism, public private partnerships, and Transit Oriented Developments. Taylor has progressive experience managing all aspects of real estate development process including site selection, acquisition, entitlements, underwriting, design, permitting, construction (both new and renovation) and leasing.

RELEVANT EXPERIENCE



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Roswell Redevelopment Phase I, Roswell, GA

+\$18M | 95 Units

Roswell Redevelopment Phase I will be a transformative project for the city of Roswell. This project will deliver 95 new construction units in the place of existing public housing that was originally constructed in the 1950s. Pennrose LLC will partner with the Roswell Housing Authority to demolish the existing buildings and deliver new, safe, and quality affordable housing to the current tenants.

MATT BATTIN

Associate Developer, Pennrose

Education: Bachelor of Science, Commercial Real Estate Finance, College of Charleston

Experience: 1 year with the firm | 3 years in the industry



Matt Battin joined Pennrose, LLC in April 2022 as an Associate Developer. His responsibilities include coordination and production of the due diligence process for real estate, financial, and tax credit closing for Pennrose developments, as well as supporting senior development staff in all aspects of the development process from predevelopment through stabilization. Matt brings with him experience in commercial real estate finance and operations spanning the office, retail, and self-storage sectors. Prior to joining Pennrose, Matt worked for City Line Capital as financial analyst, underwriting and securing financing for over \$150 million in acquisitions within their self-storage pipeline. Matt studied at the College of Charleston's Carter Real Estate Program, where his research focused on commercial real estate investment and equitable community development strategies.

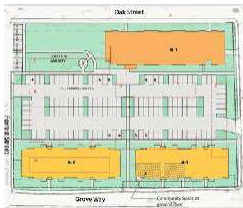
RELEVANT EXPERIENCE



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+\$150M | 700 Units

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Roswell Redevelopment Phase I, Roswell, GA

+\$18M | 95 Units

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McAuley Park Phase I, Atlanta, GA

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Haven at South Atlanta, Atlanta, GA

+\$17M | 84 Units

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RHA Redevelopment Phase I
9.00% Transaction

	15 Year Pro Forma													
	2025	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Income														
Base Year														
Stabilization														
Gross Potential Rent	1,122,596	1,191,732	1,215,567	1,239,878	1,264,676	1,289,969	1,315,769	1,342,084	1,368,826	1,396,304	1,424,230	1,452,715	1,481,769	1,511,405
Other Income	14,037	14,897	15,195	15,498	15,808	16,125	16,447	16,776	17,112	17,454	17,803	18,159	18,522	18,893
Less: Vacancy	(79,592)	(84,464)	(86,153)	(87,876)	(89,634)	(91,427)	(93,255)	(95,120)	(97,023)	(98,963)	(100,942)	(102,961)	(105,020)	(107,121)
Effective Gross Income	1,057,441	1,122,165	1,144,608	1,167,500	1,190,850	1,214,667	1,238,961	1,263,740	1,289,015	1,314,795	1,341,091	1,367,913	1,395,271	1,423,177
Expenses														
Payroll	(224,861)	(245,711)	(253,082)	(260,679)	(268,495)	(276,550)	(284,847)	(293,392)	(302,194)	(311,260)	(320,597)	(330,215)	(340,122)	(350,325)
Repairs and Maintenance	(69,868)	(76,347)	(78,637)	(80,996)	(83,426)	(85,929)	(88,507)	(91,162)	(93,897)	(96,714)	(99,615)	(102,604)	(105,682)	(108,852)
Taxes & Insurance	(187,788)	(205,201)	(211,357)	(217,698)	(224,229)	(230,956)	(237,884)	(245,021)	(252,371)	(259,943)	(267,741)	(275,773)	(284,046)	(292,568)
Utilities	(107,368)	(117,324)	(120,844)	(124,469)	(128,203)	(132,048)	(136,011)	(140,091)	(144,294)	(148,622)	(153,081)	(157,674)	(162,404)	(167,276)
Administrative	(47,997)	(52,447)	(54,021)	(55,641)	(57,311)	(59,030)	(60,801)	(62,625)	(64,504)	(66,439)	(68,432)	(70,485)	(72,600)	(74,778)
Management & Asset Mgt Fees	(70,946)	(77,525)	(79,851)	(82,246)	(84,714)	(87,255)	(89,873)	(92,569)	(95,346)	(98,207)	(101,153)	(104,187)	(107,313)	(110,532)
Replacement Reserves	(25,500)	(27,865)	(28,700)	(29,561)	(30,448)	(31,362)	(32,303)	(33,272)	(34,270)	(35,298)	(36,357)	(37,448)	(38,571)	(39,728)
DCA Asset Management and Servicing Fees	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Total Expenses	(774,328)	(842,420)	(866,492)	(891,287)	(916,826)	(943,131)	(970,225)	(998,131)	(1,026,872)	(1,056,481)	(1,086,976)	(1,118,385)	(1,150,737)	(1,184,059)
Net Operating Income	283,113	279,745	278,116	276,213	274,025	271,537	268,736	265,609	262,140	258,314	254,115	249,528	244,534	239,118
Cash Avail for Debt Service	283,113	279,745	278,116	276,213	274,025	271,537	268,736	265,609	262,140	258,314	254,115	249,528	244,534	239,118
Debt Service Coverage Ratio	1.36	1.34	1.33	1.32	1.31	1.30	1.29	1.27	1.26	1.24	1.22	1.20	1.17	1.15
Debt Service - DCA HOME Loan	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)	(208,465)
Cash Remaining for DDF	74,648	71,280	69,650	67,748	65,559	63,071	60,271	57,143	53,674	49,848	45,650	41,062	36,069	30,652
DDF Payment		(71,280)	(69,650)	(67,748)	(65,559)	(63,071)	(60,271)	(57,143)	(53,674)	(49,848)	(45,650)	(41,062)	(36,069)	(30,652)
Remaining Cash Flow for Distributions								2,568	53,674	49,848	45,650	41,062	36,069	30,652

RHA Redevelopment Phase I
Sources and Uses

Development Uses	Total	Permanent Sources						Total
		DCA HOME	City of Roswell	Fulton County (108 Loan)	Roswell Housing Authority	DCA NHIT	Tax Credit Equity	
Land Cost or Value	\$75							\$0
Site Work	\$2,745,367		\$508,099	\$2,100,000			\$137,268	\$2,745,367
New Construction	\$18,287,020	\$4,700,000	\$1,491,302		\$2,000,000		\$7,095,118	\$18,287,020
Builder's Risk / Liability Insurance	\$320,226						\$320,226	\$320,226
General Requirements	\$929,586						\$929,586	\$929,586
Contractor Profit	\$1,149,812						\$1,149,812	\$1,149,812
Contractor Overhead	\$383,270						\$383,270	\$383,270
Hard Cost Contingency	\$1,137,503						\$1,137,503	\$1,137,503
Blidg Permit & LDP Fees	\$158,019						\$158,019	\$158,019
Utility Tap/Impact Fees	\$404,910						\$404,910	\$404,910
P&P bonds	\$176,170						\$176,170	\$176,170
Construction Loan Interest	\$250,886						\$250,886	\$250,886
DCA HOME Loan Interest During Construction	\$71,652						\$71,652	\$71,652
Construction Origination Fee	\$57,500						\$57,500	\$57,500
Title & Recording	\$100,000						\$100,000	\$100,000
Construction/Perm Lender Due Diligence (Inc. App Fee)	\$55,000						\$55,000	\$55,000
Construction Loan Legal	\$55,000						\$55,000	\$55,000
Construction Inspection Fees	\$29,400						\$29,400	\$29,400
Other Construction Loan Fees	\$25,000						\$25,000	\$25,000
DCA Loan Underwriting Fee	\$30,000						\$30,000	\$30,000
DCA Loan Appraisal Fee	\$15,000						\$15,000	\$15,000
DCA Loan Legal	\$65,000						\$65,000	\$65,000
Perm Loan Other Fees	\$25,000						\$25,000	\$25,000
Tax Credit Fees (DCA Tab)	\$210,600						\$210,600	\$210,600
Syndicator DD Fee	\$50,000						\$50,000	\$50,000
Organizational/Local Opinion	\$50,000						\$50,000	\$50,000
Architect Design	\$647,200						\$647,200	\$647,200
Architect Supervision	\$221,500						\$221,500	\$221,500
Survey (ALTA, Foundation/Const., & As Built)	\$52,500						\$52,500	\$52,500
Civil Engineering (Design & CA)	\$140,000						\$140,000	\$140,000
Appraisal	\$10,000						\$10,000	\$10,000
Market Study	\$15,000						\$15,000	\$15,000
Environmental Site Assessment (includes Noise)	\$72,000						\$72,000	\$72,000
Soils/ Geotechnical Report	\$35,000						\$35,000	\$35,000
Green Sustainable Certification	\$95,000						\$95,000	\$95,000
Landscape Architect	\$40,000						\$40,000	\$40,000
Other Third Party Reports (UA Study, Accessibility, etc.)	\$50,000						\$50,000	\$50,000
Construction Material Testing	\$108,000						\$108,000	\$108,000
Start Up Costs	\$100,000						\$100,000	\$100,000
Start-Up Management Costs	\$70,000						\$70,000	\$70,000
Other Utilities	\$150,000						\$150,000	\$150,000
General Legal	\$150,000						\$150,000	\$150,000
Owner Accounting	\$48,635						\$48,635	\$48,635
Owner's GI During Construction	\$185,000						\$185,000	\$185,000
RHA Legal	\$30,000						\$30,000	\$30,000
Legal opinion	\$40,000						\$40,000	\$40,000
Lease-up Reserves	\$188,628						\$188,628	\$188,628
Operating Reserve	\$471,397						\$471,397	\$471,397
Furnishings (FFE)	\$150,000						\$150,000	\$150,000
Cash Developer Fee	\$1,547,845						\$1,547,845	\$1,547,845
Deferred Developer Fee	\$452,155						\$0	\$452,155
Total	\$31,851,856	\$4,700,000	\$2,000,001	\$2,100,000	\$2,000,000	\$3,000,000	\$17,599,625	\$31,851,781

Construction/Bridge Loan: \$7,900,000

HUDSON

HOUSING CAPITAL

April 10, 2024

Richard K. Barnhart
Chairman and CEO
Pennrose LLC
One Brewery Park
1301 North 31st Street
Philadelphia, PA 19121-4495

Re: **RHA Redevelopment Phase I, Roswell, Georgia**

Dear Rich:

Thank you for providing Hudson Housing Capital LLC (“Hudson”) with the opportunity to extend a purchase offer for the investment member interest in the Company that will own RHA Redevelopment Phase I (the “Company”).

Hudson is a Delaware limited liability company formed to directly acquire investor membership interests in limited liability companies and limited partnership interests in partnerships which own apartment complexes qualifying for low-income housing tax credits ("Tax Credits") under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code").

Set forth is our proposal as to the basic business terms under which Hudson or its designee ("Investor") will acquire a 99.99% investor member interest in the Company, which will own a 102-unit complex in Roswell, Georgia (the "Property"). You have advised us that the managing member will be controlled by an affiliate of Pennrose Holdings, LLC (the “Managing Member”); Pennrose, LLC (the “Developer”) will be the developer of the Property; and Pennrose, PHL, LLC and Pennrose, LLC (collectively, the “Guarantors”) will jointly and severally guarantee the obligations of the Managing Member. The Guarantors shall be required to maintain, in the aggregate, a net worth of \$5,000,000 and minimum liquidity of \$1,000,000. An affiliate of the Investor will be admitted to the Company as a special member (the “SLP”) with limited supervisory rights.

You have further advised us that the Property has received an allocation of 9% Federal Low Income Housing Tax Credits (“Federal Tax Credits”) and Georgia State Low Income Housing Tax Credits (“State Tax Credits”) each in the annual amount of \$1,120,000, and expects to qualify for 45L Energy Efficiency Credits (“Energy Tax Credits”) in the total amount of \$255,000. You have further advised us that all of the units will qualify for Tax Credits and forty (40) units will be subsidized through a RAD HAP contract (the “Rental Subsidy Program”).

Upon execution of this Letter of Intent and receipt of acceptable Phase 1 environmental reports and certain basic due diligence items, Hudson shall provide a pre-development loan (the “Predevelopment Loan”) in an amount not to exceed \$1,000,000 (less a 1% origination fee to pay for third party expenses to be incurred prior to closing). The Predevelopment Loan shall be guaranteed by the Guarantors.

I. Equity Investment

Assuming a closing no later than March 31, 2025 (for timing and credit purposes*), the Investor will contribute to the Company a total of \$17,936,456 (the “Total Equity”), or \$0.95 (the “Federal Tax Credit Ratio”) per Federal Tax Credit available to the Investor, \$0.63 (the “State Tax Credit Ratio”) per State Tax Credit available to the Investor, and \$0.95 (the “Energy Tax Credit Ratio”) per Energy Tax Credit available to the Investor, payable in the following installments:

* Assumes a 17 month construction period and ratable lease-up over 7 months beginning in the month of completion. To the extent the closing date does not occur by March 31, 2025, the dates and credit delivery shall be adjusted accordingly.

Contribution	Contribution %	Timing
First	45%	Closing and through construction
Second	45%	Later of October 1 1, 2026 and Construction Completion
Third	9%	Later of April 1, 2027 and Perm Loan Closing/Breakeven
Fourth	1%	8609s

- a. **First Capital Contribution.** The Investor will fund the First Capital Contribution at closing and through construction as follows:

% of Total Equity	Timing
25%	At Closing
20%	Later of October 1, 2025 and 40% Completion as certified to by the Architect

- b. **Second Capital Contribution.** The Second Capital Contribution will be paid upon the later of October 1, 2026 and the satisfaction of the conditions set forth in the Operating Agreement, which are principally as follows: (i) lien-free construction completion of the Property substantially in accordance with the Plans and Specifications in a workmanlike manner approved by Hudson; (ii) issuance of Certificates of Occupancy for 100% of the units in the Property or Temporary Certificate of Occupancy ("TCO") provided there is a hold back for 110% of the

punch list items; (iii) receipt of a pay-off letter from the general contractor and final unconditional lien releases, including general contractor and subcontractors, with the exception of any punchlist work items and retainage approved by the SLP; (iv) if not received at the time of initial closing, a carryover allocation for the Property; (v) Guarantor satisfying liquidity and net worth requirements; (vi) receipt of prior year's income tax returns in the event such returns are then due and not on extension; and (vii) representation by the Managing Member that the Rental Subsidy Program is in full force and effect with rents at no less than the underwritten rent levels.

- c. ***Third Capital Contribution.*** The Third Capital Contribution will be paid upon the later of April 1, 2027 and the satisfaction of the conditions set forth in the Operating Agreement, which are principally as follows: (i) receipt of final Tax Credit cost certification from independent accountants to the Company (the "Accountants") as to the amount of Tax Credits the Company will claim for 2026/2027 and the amount allocable to each member (the "Final Certification"); (ii) receipt of prior year's income tax returns in the event such returns are then due and not on extension; (iii) qualification of 100% of the set-aside apartment units in the Property for Tax Credits; (iv) issuance of Permanent Certificates of Occupancy for all buildings or TCO for all units with a 110% holdback for punch list items; (v) Guarantor satisfying liquidity and net worth requirements; (vi) receipt of prior year's income tax returns in the event such returns are then due and not on extension; (vii) achievement of Breakeven level for three consecutive months (the "Breakeven Date"); (viii) permanent loan closing; (viii) evidence of continued funding under the Rental Subsidy Program at no less than the underwritten rent levels; and (ix) receipt of an income averaging tracking spreadsheet with unit income designations and property income average.

"Breakeven" shall mean that, for each such month, occupancy is at least 95.0% and that Property income (with rents not to exceed maximum allowed tax credit rents net of the applicable utility allowances plus contract income from the Rental Subsidy Program in excess of the maximum allowed rent levels) exceeds the greater of underwritten expenses and actual expenses including replacement reserves, reassessed taxes, and permanent loan debt service (calculated on a stabilized and accrual basis) and generates debt service coverage of not less than 1.15 on all mandatory debt, or such higher debt service coverage that results in projected debt service coverage of no less than 1.05 in the final year of the compliance period assuming trending of income at 2% and expenses at 3% (except management fee which would trend at 2%), assuming the greater of actual or a 5.0% vacancy rate.

- d. ***Fourth Capital Contribution.*** The Fourth Capital Contribution will be paid upon satisfaction of the conditions set forth in the Operating Agreement, which are principally as follows: (i) receipt of Form 8609 with respect to all buildings constituting the Property; (ii) receipt of a tax return and an audited financial statement for the year in which the Breakeven Date occurred; (iii) Permanent Certificate of Occupancy (if not already provided); and (iv) evidence of continued

funding under the Rental Subsidy Program at no less than the underwritten rent levels.

In the event such tax return and audited financial statement are not due at such time, \$15,000 of the Fourth Capital Contribution shall be held back and released upon receipt of such items.

Our offer is also contingent on the following financing and assumptions:

- a. Construction Loan in the amount of approximately \$6,000,000 with an interest rate of 7.5%;
- b. Permanent Loan from the DCA HOME program in the amount of approximately \$4,700,000 with a fixed interest rate of 2.0%, payments based on a 30-year amortization schedule, and a term of 30 years;
- c. City of Roswell Loan of \$2,000,001 with 0% interest, a term of 30 years, and payments from net cash flow only;
- d. Fulton County Loan of \$2,100,000 with 0% interest, a term of 30 years, and payments from net cash flow only;
- e. Roswell Housing Authority Loan of \$2,000,000 with 0% interest, a term of 30 years, and payments from net cash flow only;
- f. DCA NHTF Loan of \$3,000,000 with 0% interest, a term of 30 years, and payments from net cash flow only;
- g. A commitment for the HUD rental subsidy will be available at closing;
- h. To the extent that the Property elects the average income set aside, the average imputed income limit for the Property shall not exceed 57.84%. Please note that the property management firm must use software capable of tracking income averaging. Unit income designations will be identified at closing and any changes will require Investor consent.
- i. Our pricing assumes that the Partnership will depreciate real property over 30 years and will use bonus depreciation on site work (in the amount of no less than \$2,142,312) and personal property (in the amount of no less than \$10,000 per unit); and
- j. Our proposal assumes that all of the debt will be structured as nonrecourse debt from a third party for tax purposes.

II. Developer Fee

The Developer shall receive a Developer Fee of \$2,000,000, of which approximately \$1,776,022 is expected to be available from capital sources (the "Cash Developer Fee") and shall be paid as follows: i) 30% of the estimated Cash Developer Fee (i.e. the non-deferred portion of the Developer Fee) shall be paid at closing; ii) 60% of the Cash Developer Fee (as recalculated at such time) less amounts previously paid, shall be paid at the time of the Second Capital

Contribution; and iii) the balance shall be paid from the Third and Fourth Capital Contributions to the extent funds are available. You have represented that the amount of the Developer Fee does not exceed the amount permitted to be paid by the tax credit allocating agency. Any deferred developer fees shall be paid from available cash flow as detailed in Section IV and shall not bear interest. Principal payments on the deferred developer fees shall commence with the funding of the Third Capital Contribution. The Managing Member agrees to make a special capital contribution to the Company equal to any unpaid balance of the deferred portion of the Developer Fee if such portion has not been fully paid within 15 years from the date of the payment of the Second Capital Contribution. If such payments are necessary, Managing Member will be allocated an equal amount of the losses.

III. Property Management Fee

The Managing Member may retain one of its affiliates to be the managing agent for the Property on commercially reasonable terms. The management agreement, to be approved by the Investor, shall have an initial term of 1 year and shall be renewable annually thereafter, shall provide for an annual management fee not to exceed 7% of gross effective income, and shall otherwise be on commercially reasonable terms (including a termination right by the Managing Member in the event of fraud/gross negligence or material default by the managing agent). If the managing agent is affiliated with the Managing Member, the management agreement shall provide for a deferral of up to 100% of the management fee in the event that the property does not generate positive Cash Flow.

IV. Cash Flow Distributions

Cash flow from the Property, after payment of operating expenses (which shall include current and deferred property management fees from prior years, debt service), replenishment of required reserves (including any reserve payments which were not made due to insufficient cash flow) and payment of any tax liability incurred by the Investor Member ("Cash Flow"), shall be distributed annually (subsequent to the Breakeven Date) as follows:

- a. to maintain the Minimum Balance in the Operating Reserve;
- b. to payment of any amounts owed to the Investor Member;
- c. to payment of any Operating Deficit Loans, if any;
- d. to the Developer Fees including interest until paid in full;
- e. any amounts required to be paid with respect to any soft loans;
- f. 90% of remaining Cash Flow after IV (e). to the Managing Member as a preferred return with an equivalent allocation of income; and
- g. the remainder to be split in accordance with Company Interests.

V. Sale or Refinancing Proceeds

Net sale or refinancing proceeds (i.e., after payment of, outstanding debts, liabilities other than to the Managing Member and its affiliates and expenses of the Company and establishment of necessary reserves) shall be distributed as follows:

- a. Repayment of outstanding loans by the Investor Members, if any;
- b. Payment of amounts due to the Investor Members under the Tax Credit Adjuster;
- c. Repayment of outstanding loans by the Managing Member including the Developer Fee Note and any Operating Deficit loans; and
- d. 10% to the Investor and 90% to the Managing Member.

Option

The Managing Member shall have a non-assignable option, for a period of eighteen months subsequent to the expiration of the initial compliance period to purchase the Property for the fair market value of the Property and (b) the interest of the Investor Members in the Company for the fair market value of the Investor Member's interest based on the fair market value of the Property that takes into account the restrictive covenants, the net proceeds that would be realized from a sale at that fair market value, and the Investor Member's 10% interest in the sale proceeds.

After the later of (i) the end of the tax credit period and (ii) the reduction of the Investor Member's capital account to zero, up to 95% of the losses will be reallocated to the Managing Member if such losses would result in a negative Investor Member capital account in such year. *It is currently projected that the Investor Member capital account remains positive at the end of year 15 and therefore no reallocations of losses are currently projected.*

VI. Managing Member Commitments

- a. ***Low Income Housing Tax Credit Adjustment.*** Our offer is based upon the assumption that the Company will qualify for and claim:
 - \$233,333 of Federal Tax Credits in 2026, the full amount of the Company's Federal Tax Credit allocation, \$1,120,000 for each year from 2027 through 2035, and \$886,667 in 2036,
 - \$233,333 of State Tax Credits in 2026, the full amount of the Company's State Tax Credit allocation, \$1,120,000 for each year from 2027 through 2035, and \$886,667 in 2036,
 - \$255,000 of Energy Tax Credits in 2026.

(i) Adjustments during equity payment (construction and lease-up) period

In the event that either the Form 8609's or the Final Certification indicate that the Property will not generate the projected aggregate amount of Federal and/or State

Tax Credits (other than as specified below), the Operating Agreement will provide for a return of such capital, an adjustment in the amount of any unpaid Capital Contributions and/or a payment by the Managing Member to the Investor, sufficient to restore the Federal and/or State Tax Credit Ratio as defined above. A similar adjustment shall be made in the amount of any unpaid Capital Contributions and/or a payment by the Managing Member to the Investor sufficient to restore the Energy Tax Credit Ratio as defined in Section I above; provided, however, that any Energy Tax Credits after 2027 shall be deemed to be Zero Dollars.

In the event that the Form 8609's indicates that the Property will generate Tax Credits in excess of the projected aggregate amount of Tax Credits, the Operating Agreement will provide for additional capital to be paid by the Investor based on the Tax Credit Ratio as defined above up to a maximum of 5% of the Total Equity.

Notwithstanding the preceding paragraph, in the event that the Final Certification specifies that, while the aggregate amount of Tax Credit allocable to the Company is unchanged, the amount of Tax Credits allocable to the Company in 2026/2027 is less than the amounts specified above for the corresponding years, the Third Capital Contribution will be reduced by \$0.65 for each dollar by which such amounts exceed the amount of Federal Tax Credits allocable to the Company for such period, or \$0.39 for each dollar by which such amounts exceed the amount of State Tax Credits allocable to the Company for such period. Further, in the event that the actual Energy Tax Credits for 2026 is less than the amount set forth in the Partnership Agreement and such amount is available in 2027, the Second/Third/Fourth Capital Condition shall be reduced by \$0.08 for each dollar of Energy Tax Credits delayed to, but available in, 2027.

In the event that the amount of Tax Credits allocable to the Company in 2026 is more than the amounts specified in the first paragraph of Section VI.a. herein for the corresponding year, the Total Equity shall be increased by an amount equal to \$0.55 for each dollar by which such amounts are less than the amount of actual Federal Tax Credits allocated to the Company for such period, or \$0.25 for each dollar by which such amounts are less than the amount of actual State Tax Credits allocated to the Company for such period, but in no event shall the increased equity price be in excess of \$250,000. If the Investor chooses not to purchase additional credits in an amount which would be greater than \$250,000, the Investor's interest will be reduced prorata with the credits purchased and the total credits available.

(ii) Adjustments during compliance period

Tax Credit Recapture shall be governed by those provisions set forth in the operating agreement for Orchard Ridge Phase V.

- b. ***Development Deficit Guarantee.*** The Managing Member shall be responsible for completion of the Property in a workmanlike manner, in accordance with approved plans and specifications, free and clear of all liens. To the extent that the costs of construction and operations until the Breakeven Date exceed the amount of any

funding by approved permanent third-party lenders, any unpaid Developer Fees and the amount of the Investor's capital commitment (adjusted as set forth above), the Managing Member shall pay all such costs and expenses connected with development and construction of the Property, including all operating expenses of the Property until the Breakeven Date has been achieved. The contractor will be required to provide a payment and performance bond or 15% letter of credit. Additionally, an "owner's" construction contingency in an amount equal to 5% of the construction contract amount shall be included in the development budget and shall be outside of the contractor's control.

- c. ***Operating Deficit Guarantee and Operating Reserve.*** The Managing Member shall make interest free loans to the Company (repayable from cash flow and/or sale and refinancing proceeds as described above) equal to any Operating Deficits (including the Minimum Deposit described in VI f. below) incurred during the period beginning on the Breakeven Date and ending on the third anniversary of Breakeven Operations, provided the property operated at Breakeven operations for the previous 12 month period (12-month lookback), in an amount not to exceed 6 months of underwritten operating expenses (including deposits to the replacement reserve) and debt service in the aggregate.

An operating reserve (the "Operating Reserve") in an amount equal to six months of underwritten operating expenses including the replacement reserves and debt service (the "Minimum Balance") shall be funded by the Managing Member at the time of the Third Capital Contribution. The Managing Member shall be required to fund this reserve. The Operating Reserve shall be maintained for the duration of the compliance period and any draws from this Reserve shall require the consent of the SLP and shall be replenished from Cash Flow up to the Minimum Balance. Funds in excess of the Minimum Reserve may be withdrawn from the Operating Reserve during the Operating Deficit Guaranty Period to cover operating deficits.

- d. ***Obligations of Managing Member.*** Immediately following the occurrence of any of the following events, (x) the Managing Member shall admit the Special Investor Member or its designee as the Managing Member of the Company and, at the option of the Investor, withdraw from the Company; or, (y) at the option of the Investor with respect to any of the events described in clauses (i) through (vii) below, repurchase the Investor's interest in the Company: (i) an IRS Form 8609 is not issued with respect to each of the buildings in the Property in a timely manner after each such building has been placed in service; (ii) the Property is not fully placed in service by December 31, 2026; (iii) the permanent loan commitment is cancelled or substantially modified and a suitable replacement loan to be approved by the investor is not obtained or if the Property loan is not sufficient to balance the sources and uses of funds; (failure to achieve Breakeven is specifically not a trigger of Repurchase); (iv) the Company fails to meet the minimum set aside test (as defined in Section 42 of the Code) or fails to execute and record a Tax Credit Extended Use Commitment by the close of the first year of the Credit Period; (v)

the Company shall have been declared in default by any mortgage lender or under the tax credit allocation or foreclosure proceedings have been commenced against the Property and such default is not cured or such proceeding is not dismissed within 30 days; (Investor can only cause a repurchase in connection with this clause (v) if the default described in such clause prior to the requirements of All Capital Contributions have been met; or (vi) there is a material violation of the Operating Agreement by the Managing Member or if the property manager is an affiliate of the Managing Member, a material violation of the management agreement by the manager which causes material adverse harm to the Investor, the Company or the Property and is not cured within the applicable cure period (Item (vi) may only result in the removal of the Managing Member and not trigger a Repurchase.

If the Investor elects to have its interest repurchased by the Managing Member, the repurchase price shall be equal to 100% of the Total Equity plus interest at Prime + 1% on capital contributions made to date plus any tax liability incurred by the investor as a result of such repurchase, less any amounts of the Total Equity not funded to date.

- e. **Replacement Reserve.** Commencing with the month following Completion, the Company will make a minimum monthly replacement reserve deposit (the "Minimum Deposit") equal to (on an annualized basis) the greater of (i) \$250 per unit; and (ii) the amount required by the permanent lender. The amount of the minimum deposit shall be increased annually by 3%. Any interest earned on funds in the replacement reserve account shall become a part thereof.
- f. **Reporting.** The Company will be required to furnish Investor with (a) quarterly unaudited financial statements within 45 days after the end of each quarter of the fiscal year; (b) annual audited financial statements within 90 days after the end of each fiscal year; (c) an annual budget for each fiscal year of the Company, not later than November 1 of the preceding year; and (d) the Company's tax returns and K-1 forms within 45 days after the end of each fiscal year. The penalty for any failure to deliver Company tax returns or K-1 forms prior to the specified deadline shall be (i) \$50 per day for the first seven days after such deadline, (ii) \$100 per day for the next seven days and (iii) \$150 per day thereafter, provided that the amount of such penalty shall not exceed \$1,500 in any year.

VII. Fees to Affiliates of Hudson

Administrative Expense Reimbursement. An affiliate of Hudson shall receive an annual administrative expense reimbursement from the Partnership in the amount of \$5,000, which amount shall be increased annually by 3%. Such fee shall commence in the year of funding of the Third Capital Contribution.

VIII. Representations, Warranties and Covenants

The Managing Member shall make certain representations and warranties as to the Company, the Managing Member and the Property to be set forth in the Operating Agreement. The payment of each Capital Contribution shall be conditioned upon certification by the Managing Member as to the continued accuracy of these representations and warranties.

IX. Accountants

The Accountants for the Company shall be CohnReznick Group or another firm approved by the Investor. The Accountants shall prepare tax and financial reports as set forth in the Operating Agreement, and the Final Certification referred to in Section I.c.

X. Investment Member Rights

The Operating Agreement will provide certain approval rights as to major actions proposed to be taken by the Managing Member. The Investor shall have the right to remove the Managing Member and the Manager for cause.

XI. Insurance

At the closing, the Managing Member shall provide for title insurance satisfactory to counsel to the Investor in an amount equal to the sum of all Capital Contributions, all mortgage loans and the amount of any Development Fee Note. Prior to the payment of any additional installment of the Capital Contribution, a "date down" of such policy shall be provided. The Managing Member shall provide for (i) liability (general and excess) insurance in an amount of at least \$6,000,000 per occurrence increased biennially by (adjusted periodically to maintain the coverage as adjusted for inflation), (ii) hazard insurance (including boiler and machinery coverage) and flood insurance (to the extent that the property is in a FEMA-designated flood hazard zone) in an amount of not less than the full replacement value of the Property, (iii) rental loss insurance for a period of 12 months after the date of loss and (iv) law and ordinance coverage with no sublimit, including changes in law and ordinances enacted during the course of reconstruction. Builder's risk insurance shall be provided during construction. Architects and Civil Engineers shall submit evidence of errors and omissions coverage, in amounts reasonably satisfactory to the Investor. Workers compensation insurance shall be provided as to any entity with employees working at the Property. All policies shall name the Investor as an additional insured and/or lender's loss payee (where applicable) and shall otherwise be subject to Investor approval.

XII. Indemnity Agreement

The Managing Member shall indemnify the Investor, Hudson and its affiliates, and their respective officers, directors for any untrue statement of a material fact or omission to state a material fact necessary to make any such statement, in light of the circumstances under which they were made, not misleading, by the Managing Member or its agents set forth in any document delivered by the Managing Member or its agents in connection with the acquisition of the Property, the investment by the Investor in the Company and the execution of the Operating Agreement.

The Managing Member will be required to provide an environmental indemnification for the duration of the tax credit compliance period.

XIII. General Conditions

Payment of the Second/Third Capital Contributions shall be conditioned upon completion of an appropriate due diligence review by the Investor to confirm that there have been no changes in material circumstances affecting the Property, including (i) receipt of estoppel letter(s) from all lenders to the extent available, (ii) review of title (including a "date-down" search), survey, environmental and other legal and regulatory matters (only for the Third Contribution), (iii) for the Third Contribution only, receipt of a "date down" legal opinion from counsel to the Company and (iv) certification by the Managing Member as to the continued accuracy of representations and warranties made in the Operating Agreement.

XIV. Conditions to Closing

Your execution of this letter will also be deemed consent to perform background checks on the principal(s) of the Managing Member and Developer. The Managing Member understands that any consultant, engineering, environmental or other, selected for the project shall be acceptable to the lender and to the equity investor and that the Company shall bear the cost of fees associated with pre-construction feasibility studies, structural analysis, and monthly inspections. At closing, Hudson shall be reimbursed up to \$75,000 for its due diligence related expenses subject to approval of the tax credit allocating agency.

By executing this letter and in consideration of the substantial expenses to be incurred by Hudson and its affiliates in legal and accounting fees and for due diligence, you agree that you and your affiliates will not offer any interest in the Property to any other party unless this LOI is terminated by mutual consent. Approval of this transaction is subject to Investor's satisfactory completion of due diligence and Investment Committee approval in its sole and absolute discretion.

Please note that our pricing is extremely sensitive to any changes in the financing sources, development budget or timing of the closing of the transaction or deliver of tax credits. Hence, we reserve the right to adjust pricing based on any material change to the proforma including but not limited to sources, depreciation and credit delivery.

In the event of any change to terms or pricing Pennrose may terminate this term sheet unilaterally.

If the above proposal is acceptable, please indicate your acceptance by executing two copies and returning one to Hudson at the above address. We look forward to working with you.

Sincerely,
Hudson Housing Capital LLC



By: _____
W. Kimmel Cameron, Jr.
Senior Vice President

It is hereby acknowledged and understood that this Proposal is not a commitment to invest, nor is it intended to be a letter of commitment, and Hudson is not bound to any of the terms and conditions herein outlined. The terms of the financing are not set until formally approved by Hudson and the transaction documentation has been executed by Hudson and the Pennrose.

ACCEPTED AND AGREED TO
THIS ____ DAY OF _____, 2024

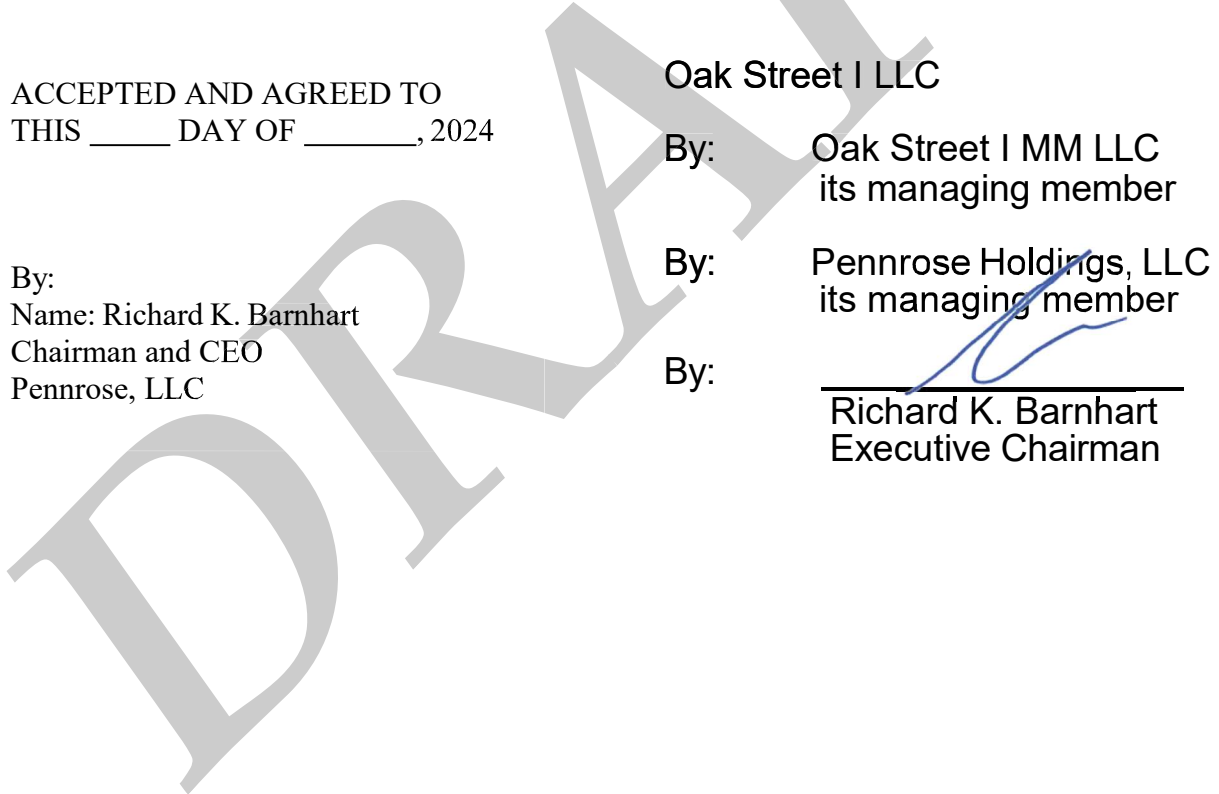
By:
Name: Richard K. Barnhart
Chairman and CEO
Pennrose, LLC

Oak Street I LLC

By: Oak Street I MM LLC
its managing member

By: Pennrose Holdings, LLC
its managing member

By: _____
Richard K. Barnhart
Executive Chairman



February 14, 2024

Timothy I. Henkel
Oak Street I, LLC
2335 North Bank Drive
Columbus, OH 43220-0000

VIA EMAIL: mrule@nationalchurchresidences.org

**Re: NHTF Preliminary Reservation Letter
RHA Development Phase I
DCA Project No. 2023-041**

Dear Mr. Henkel:

The Georgia Housing and Finance Authority (“GHFA”), through the Georgia Department of Community Affairs (“DCA”) as its administrator, is pleased to inform you that based on the application and the information that you have submitted to DCA (the “Application”), it intends to make a construction/permanent loan from National Housing Trust Fund Program (“NHTF”) Funds. This construction/permanent loan will be made subject to and in accordance with the following terms, provisions, and conditions set forth in this NHTF reservation (also “Document”):

A. Borrower: The Borrower shall be Oak Street I, LLC, of which the General Partner is Oak Street I MM, LLC. Without GHFA’s prior written consent, Borrower may not make any change in its organizational structure or the partners, shareholders, or owners of Borrower, and any such change may require Borrower to submit additional information to GHFA for its review and approval.

B. Principal Amount: Borrower will be awarded a NHTF construction/permanent loan amount not to exceed \$3,000,000. GHFA will disburse the loan over time, subject to GHFA’s approval of draw requests submitted by Borrower in accordance with GHFA’s procedures. Proceeds of the construction loan shall only be used for hard costs, unless GHFA approves otherwise in its sole discretion. At the time of conversion, the construction loan will convert to a permanent loan in an amount not to exceed \$3,000,000. Typical illustrative conversion conditions for the loan are attached as **Exhibit A**.

C. The Project: The “Project” is a 120 multi-family unit development located in Atlanta, Georgia, the construction of which shall be referred to as the “Work.”

D. The Closing: The NHTF construction/permanent loan will close (the “Closing”) at a place to be fixed by GHFA with reasonable advance notice to Borrower.

E. Interest: The interest rate for the construction loan will be zero percent (0%). If the construction loan is converted to a permanent loan, the interest rate for the permanent loan will be 0.0%. If there is a default by Borrower, the default interest rate will be 10.0% computed on the basis of a 360-day year. The terms

of the NHTF loans will be more fully set forth in the GHFA NHTF Agreement and the GHFA NHTF Construction/Permanent Loan Agreement.

F. Term: GHFA will determine the maturity date for the construction loan(s) (the “Initial Maturity Date”) based on the approved construction schedule submitted by Borrower, plus some additional time for leasing and stabilizing the Project. The Final Maturity Date will be determined during final underwriting of the permanent loan. Unless Borrower satisfies all conversion conditions, GHFA’s obligation to convert the construction loan to a permanent loan shall terminate at the Initial Maturity Date. Borrower may prepay the construction loan(s) or permanent loan at a time to be determined by GHFA, but prepayment will not terminate the Land Use Restriction Agreement (“LURA”) that will be recorded at the time of Closing, which will contain rent and occupancy restrictions for the Project.

G. Payment Schedule: Unless the construction loan converts to a permanent loan, all outstanding principal and any other amounts owed under the construction loan will be due upon the Initial Maturity Date. If the construction loan is converted, the payment schedule shall be determined during final underwriting of the permanent loan.

H. Guaranties: At Closing, all or some of the principals of Borrower, Borrower’s general partner and/or the developer(s) shall be required to execute and deliver to GHFA a completion and payment guaranty in form and substance satisfactory to GHFA in GHFA’s sole discretion. By its terms, the guaranty will terminate upon full and final completion of the Work (completion to be determined by GHFA) and payment of amounts owed under the guaranty (if any) that accrued before completion of the Work.

I. Federal and Other Requirements: GHFA’s obligation to make the GHFA NHTF Construction/Permanent Loan is conditioned upon Borrower’s compliance with all applicable federal laws and regulations relating to the loan and the Project, including, but not limited to, the National Environmental Policy Act (24 CFR Part 93.901), DCA’s Minority and Women Owned Business Engagement Policy, Section 3 requirements, and if applicable the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA).

Notwithstanding any provision of this Document, the parties hereto agree and acknowledge that this Document does not constitute a final commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of the DCA environmental review. The parties further agree that the provision of any funds to the Project is conditioned on DCA’s determination to proceed with, modify, or cancel the Project based on the results of the subsequent environmental review.

The GHFA Construction/Permanent Loan shall be subject to the requirements and provisions of the applicable Qualified Allocation Plan (‘QAP’) and the Consolidated Plan for the year in which the Application was submitted.

K. Equity Required: Borrower will be required to invest some of its own funds in the Project (the “Equity”). Equity will be invested before GHFA is required to disburse loan proceeds. Equity contributions will be reviewed during GHFA’s final underwriting and subsidy layering analysis.

L. Other Financing: GHFA’s obligation to make and close the construction/permanent loan is conditioned upon: (a) GHFA approving in its discretion the amount, terms, and conditions of all documents and agreements relating to its loan and all other sources of funds; (b) GHFA reaching intercreditor or subordination agreement(s) with other lender(s) satisfactory to GHFA in GHFA’s discretion; and (c) GHFA’s priority with respect to the collateral for the construction/permanent loan being satisfactory to GHFA in its discretion. If there will be permanent funding for the Project other than the GHFA loan, GHFA’s obligation to make and close the NHTF construction loans may be conditioned

upon GHFA reaching a satisfactory tri-party agreement or form of subordination agreement with each other permanent lender.

M. Commitment of Funds. GHFA will issue a commitment of funds after the DCA Project Loan Committee determines that:

- The proposed Project meets all DCA and NHTF requirements.
- The proposed Project Team has the capacity to complete and operate the proposed project.
- Each member of the proposed Project Team is financially sound.
- The proposed loans do not pose an undue risk to GHFA or to GHFA assets, including HUD recapture of the amount of the loan.
- There is sufficient market demand for the proposed property to support adequate need for the project.

N. Expiration/Rescission of NHTF Preliminary Reservation. GHFA may terminate this Preliminary Reservation if the Borrower fails to meet the deadlines for submission of documents and closing as set forth in the applicable QAP.

O. Miscellaneous.

1. **Non-Assignability.** Borrower may not assign this reservation without GHFA's prior written consent, which consent may be withheld or granted in GHFA's discretion, and any attempt to make such assignment without such consent shall be void and shall be deemed a material default under this document, entitling DCA in its sole discretion to terminate this Reservation immediately. For purposes of this provision, an "assignment" would include a transfer of a controlling interest in Borrower.

2. **Entire Agreement.** This Document contains the entire agreement of the parties. No change in this Document shall be binding unless in writing and executed by GHFA, and GHFA is under no obligation to make any change to this document if Borrower so requests.

3. **Time.** Time is of the essence with respect to all dates and periods of time set forth in this Document, unless GHFA specifies otherwise in writing in its sole discretion.

4. **Survival.** To the extent that its terms are not incorporated in and not in conflict with the Construction/Permanent Loan Agreement, and other loan documents relating thereto (collectively, the "Loan Documents"), this Document and all terms and provisions in it shall survive the Closing and shall not be merged into any of the Loan Documents.

5. **Third Parties.** This Document is only for the benefit of the parties. No third party shall have any rights or interest in this document or the proceeds of the GHFA Construction/Permanent Loan.

6. **Conditions for Benefit of GHFA.** All conditions in this Document are for the sole benefit of GHFA, and GHFA may insist upon the satisfaction of any or all of them or waive any of them in its sole discretion.

P. Acceptance: This Document will not become effective unless and until Borrower returns to DCA a fully executed copy of it within 14 calendar days of the date listed on the first page. The executed copy should be returned to: Director, Office of Housing Finance, Georgia Department of Community Affairs, 60 Executive Park South, N.E., Atlanta, Georgia 30329. **IF BORROWER DOES NOT ACCEPT THE TERMS OF THIS DOCUMENT, SIGN IT, AND RETURN IT TO DCA BY THAT DATE, THIS DOCUMENT SHALL EXPIRE AND HAVE NO FURTHER FORCE AND EFFECT WITHOUT ANY FURTHER ACTION BY GHFA.**

Q. Attachments: This Preliminary Reservation Letter consists of this letter and the following attachments:

- Exhibit A Typical Conversion Conditions;
- Exhibit B Architectural Requirements
- Exhibit C Environmental Review
- Exhibit D Final Underwriting Review
- Exhibit E Legal Closing Phase

In the event that there is any conflict between the letter and the attachments, the letter shall control.

By accepting the terms of this document Borrower is certifying that all representations and information submitted in or with its Application are true, correct, and complete as of the date of acceptance.

Sincerely,

A handwritten signature in black ink, appearing to read "MK", is written over a horizontal line.

Mitch Kelly
Director
Office of Housing Finance

DRAFT

**ACCEPTANCE OF
NHTF PRELIMINARY RESERVATION LETTER**

The undersigned hereby accepts this NHTF Preliminary Reservation Letter and agrees to its terms and conditions.

Date: _____

Oak Street I, LLC

By: **Oak Street I MM, LLC**
General Partner

By: **Timothy I. Henkel**

By: _____

Title: _____

Attest: _____

Title: _____

[SEAL]

DRAFT

EXHIBIT A

Typical Conversion Conditions

The following are the typical conditions precedent for converting the NHTF construction loan to a permanent loan. All materials provided to GHFA to satisfy a condition or to substantiate satisfaction of a condition must be satisfactory to GHFA (in its sole discretion) in form and content:

No later than 60 days before conversion:

- C. Final completion of all Work in accordance with the Plans and Specifications and in compliance with the Loan Documents and all legal requirements, substantiated by the following:
 - (a) a final certificate of occupancy for all buildings;
 - (b) the Architect's "punch list" and completion inspection by the inspector or consultant being used by the Lender;
 - (c) the Architect's certificate of substantial completion of the Work;
 - (d) an "as-built" survey prepared in accordance with ALTA/ACSM standards, including the legal description;
 - (e) a letter from the Borrower indicating acceptance of the Work;
 - (f) a letter from the Borrower stating that it has received all manufacturer's warranties and operating manuals;
 - (g) letters from the General Contractor and the Architect stating that the requirements of current codes and construction documents have been met;
 - (h) satisfaction of all requirements in the Loan Documents, including the final draw requirements;
 - (i) a completed MBE/WBE Data Collection Form;
 - (j) a satisfactory test for radon; and
 - (k) photographs of exterior, interior, major equipment and systems, and common areas.

2. Verification that Borrower has paid for all Work and all materials supplied in connection with the Work and all equipment, fixtures, and appliances installed or used in the Premises and other personal property of Borrower and that all such property is free and clear of all liens and security interests (except those permitted by Lender) and receipt of the following:
 - (a) final lien waivers from the General Contractor;
 - (b) Contractor's certification as to actual costs which has been audited by a certified public accountant;
 - (c) final lien waivers from all subcontractors;
 - (d) final lien waivers from all materialman; and
 - (e) a title examination (including UCC search) and an updated title insurance policy for Lender or an endorsement updating the title insurance policy issued to Lender at the closing, which policy shall contain no exceptions, except those acceptable to Lender

3. Verification that all insurance policies and coverage required under the Loan Documents are in place, and receipt of the following insurance certificates for the Borrower, evidencing that such insurance is in force:
 - (a) an ACORD 25-S
 - (b) an ACORD 27
4. Verification that Borrower has obtained all permits or licenses required for the operation of the Premises for its intended use, including a business license and apartment boiler, and elevator licenses (if applicable).
5. Receipt and approval of the following forms and agreements:
 - (a) the lease form (which shall include a NHTF Addendum to the lease) to be used for tenants on the Premises;
 - (b) an executed management agreement for the Premises containing provisions satisfactory to Lender, including provisions addressing whether the manager will be located on-site or off-site, whether the manager will be full-time or part-time, how many staff will be used, the hours that will be maintained, and such other specific matters as Lender may require; and
 - (c) the management plan for the project.
- C. Receipt of a termite report indicating no active infestation of any part of the improvements dated no more than 12 months before the conversion date.
- C. Receipt of the information needed to complete the HUD Project Completion Report (Household Data Forms).
- C. Proof in the forms of cancelled checks, bank statements, or other satisfactory evidence that Borrower has received at least \$ _____ from the sale of state tax credits and federal low-income housing tax credits; provided, however, if part of the above amount is to be received at the time of conversion, as provided in the Tax Credit Documents, then this proof need not be submitted until conversion.

No later than 30 days before conversion:

9. Verification that for 3 consecutive months after the date of issuance of the final certificate of occupancy for all Improvements, the minimum occupancy of the Premises has been at least 93% and the minimum monthly effective gross income from the Premises has been at least \$ _____, substantiated by Lender's receipt of the following:
 - (a) profit and loss statement for the Premises; and
 - (b) documentation confirming satisfaction of the other requirements of this condition.
10. Proof of qualification of tenants and the units placed in service for purposes of the Lender NHTF Program and low-income housing tax credits, including the following:
 - (a) certified rent roll, showing tenant names, the beginning and expiration date of all leases, and any other tenant or lease information requested by Lender;
 - (b) if not on the rent roll, certification of tenant's income; and
 - (c) if requested, copies of all leases.

11. Verification that a least ___% of the rented “Units”, as defined in the LURA, are occupied by _____.

No later than the date of conversion:

12. Borrower’s payment to Lender of any unpaid fees and expenses required by the Loan Documents.
13. Execution and delivery of a Borrower’s Certificate (in the form following this list), certifying (among other things) that no default currently exists and that no event has occurred or condition exists that, with the passage of time or giving of notice, will cause a default to occur under: (a) LURA; or (b) the Loan Documents; or (c) the Tax Credit Documents.
14. Proof that all escrows and reserves required under the Loan Documents have been established and properly funded in accordance with the Loan Documents, including:
- (a) an escrow account for taxes and insurance
 - (b) an operating deficit reserve
 - (c) a replacement reserve
 - (d) the cash flow reserve
15. Proof by execution and delivery of the Borrower’s Certificate that Borrower has not paid a developer’s fee (including any amount for consulting fees or developer’s overhead) in excess of \$ _____.
16. If necessary, Lender’s receipt of a loan payment sufficient to reduce the outstanding principal balance on the Loan to the Allowable Conversion Amount.

NOTE: The actual conversion conditions may vary from these conditions, which are attached to this Commitment solely as examples of the kinds of conditions that will be contained in the GHFA Loan Agreement.

EXHIBIT B
Architectural Review Phase

Applicants are required to submit the required architectural and construction documentation to DCA for review in accordance with the requirements set forth in the QAP. Please refer to the DCA Architectural Manual and Application submitted to DCA to determine which Architectural criteria and conditions must be met for the subject property. For questions regarding this process, please contact Gary Huggins, DCA Construction Services Manager at 404-679-0639 or via email at Gary.Huggins@dca.ga.gov.

Please follow the architectural and construction documentation submission requirements outlined in the Construction Services Transmittal Form, which is attached to this letter. An Excel version of the Form can be found on the DCA website. Modifications to the DCA approved documents cannot be made without DCA's written consent. The DCA ACS staff will assign an inspector and provide you with a draft of the Inspection Contract at the time it issues its approval of the construction documentation.

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Exhibit C
Environmental Review Process

Please refer to the DCA Environmental Manual for additional information. For questions regarding this process, please contact Joanna Jin, Federal Compliance Specialist, at 404-679-0678 or via email at Joanna.Jin@dca.ga.gov.

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Exhibit D

Final Underwriting Package:

The following documents must be submitted by the Applicant as one underwriting packet to the assigned DCA NHTF Underwriter as soon as final construction pricing is received:

1. Updated Core Application prepared by Applicant
2. Final Commitment letters for all Equity and Debt Providers, and any other form(s) of financial assistance
3. Draft property management agreement
4. Copies of executed consulting agreements and Developer Agreement
5. An organizational chart that details the Owner, General Partner (or Managing Member) and Developer entities down to the level of the individual and /or established entity members, partners or majority shareholders and their accurate percentage of interest; complex structures may require the submission of organizational documents
6. Authorization to release credit information for the principals* of the General Partner (Managing Member) and the Developer
7. Year to date financial statements certified as to truth and accuracy and the most recent audited financial statements for the principals* of the General Partner (Managing Member), Developer and Owner (if established)
8. Resumes for the principals* of the General Partner (Managing Member) and Developer, and the proposed management company
9. A real estate schedule listing each project approved /awarded, under construction or in lease up, anticipated completion date or occupancy percentage, and anticipated conversion date certified as to truth and accuracy for the principals* of the General Partner and the Developer

*principals include individuals and /or established operating entities that are members, partners or shareholders; CHDO entities may require additional documentation.

All underwriting packets must conform to the following requirements:

1. All documents must be submitted in one packet. Incomplete or partial packets will be returned to the Applicant.
2. An updated Core Application must be submitted by the Applicant correctly reflecting all numbers in the final commitment letters and in the general contractor's contract approved by the architectural department.

Exhibit E

Legal Closing Phase

The following documents must be submitted by Borrower and/or Borrower's attorney once the project is assigned to the Special Assistant Attorney General (SAAG) for closing.

1. If borrower is a partnership:
 - (a) The partnership agreement
 - (b) The certificate of partnership and any amendments
2. If the borrower is a corporation:
 - (a) The Articles of Incorporation and certificate of incorporation and any amendments
 - (b) The bylaws and any amendments
3. If the borrower is an LLC:
 - (a) The Articles of Organization and certificate of organization and any amendments
 - (b) The operating agreement and any amendments
4. If the general partner is a corporation:
 - (a) The Articles of Incorporation and certificate of incorporation and any amendments
 - (b) The bylaws and any amendments
5. If the general partner is an LLC:
 - (a) the Articles of Organization and certificate of organization and any amendments
 - (b) The operating agreement and any amendments
 - (c) The organizational documents of the manager(s), if applicable
6. The authorizing resolutions of the borrower
7. The authorizing resolutions of the general partner
8. Title insurance binder and revisions
9. All documents relating to exceptions from coverage under the title binder
10. All easements benefiting or burdening the property
11. The granting instrument(s) to the borrower for the real property
12. Pro forma title policy
13. Survey and revisions
14. The surveyor's certificate
15. Payment and performance bonds or letter of credit
16. Certificate of existence for borrower
17. Certificate of existence for general partner
18. Certificate of existence for the manager of the general partner when the general partner is an LLC and the manager is an entity

19. Confirmation of pre-closing construction conference scheduling
20. Opinion letter(s) of borrower's counsel
21. An index of the contract drawing and specifications
22. The executed development agreement
23. The executed management agreement
24. Executed consulting agreements
25. Senior lender loan documents, if applicable
26. Junior lender loan documents, if applicable
27. Bridge lender loan documents, if applicable
28. Insurance certificates or policies of the borrower (liability only)
29. Insurance certificates or policies of the general contractor (builder's risk and liability only)

Again, congratulations on your project's selection for NHTF Funding. DCA looks forward to closing this loan as quickly as possible.

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General Conditions of the Loan Documents

The following are the general terms and conditions applicable to GHFA loans:

1. Borrower will execute the following “Loan Documents” at Closing, all of which must be in form and content satisfactory to GHFA:
 - (a) a Construction/Permanent Loan Agreement;
 - (b) a promissory note;
 - (c) a [first][second] priority deed to secure debt for the Land and security agreement granting GHFA a security interest in all furniture, fixtures, equipment, building materials, plans, records, reserves, and other tangible or intangible personal property used in or connected with the Project and financing statements sufficient to perfect GHFA’s interest;
 - (d) a [first][second] priority assignment of leases, rents, and security deposits;
 - (e) a Land Use Restriction Agreement (LURA) which will contain restrictive covenants, in form and content satisfactory to GHFA in its sole discretion. The LURA will be recorded in the real estate records of the County where the Land is located and will contain use, rent, occupancy, and income restrictions (among other things) lasting for a period of at least 20 years from the completion of construction and satisfaction of the other requirements under the NHTF regulations;
 - (f) a Borrower’s affidavit;
 - (g) a Borrower’s Certificate; and
 - (h) any other agreements, instruments, certificates, or other documents necessary or desirable to document and evidence the agreement of the parties and close the loan.
2. Third parties must execute and GHFA must receive at or before Closing the following ancillary documents and agreements, all of which must be in form and content satisfactory to GHFA and properly executed:
 - (a) an intercreditor agreement or subordination agreement with each other lender (if applicable);
 - (b) a tri-party agreement with all permanent lenders other than GHFA (if applicable);
 - (c) a consent to assignment from the general contractor;
 - (d) a consent to assignment from the Project architect;
 - (e) a NHTF addendum to the construction contract;

- (f) all guaranties of the loan;
 - (g) an opinion letter of counsel for borrower; and
 - (h) any other agreements, instruments, certificates, memoranda or other documents GHFA deems necessary or desirable to close the loan.
3. Borrower's acceptance of the Commitment constitutes Borrower's agreement to pay all fees, expenses, and charges incurred by GHFA in connection with closing and making the loan.
 4. GHFA's obligation to make the construction loan is conditioned upon approval of the Phase I environmental report on the Land and receipt of any updates of additional reports relating to the environmental status of the Land as GHFA may request, all of which are subject to GHFA's review and approval. The Loan Documents will include provisions relating to the environmental requirements for the Property, including warranties and representations by Borrower, Borrower's indemnification of GHFA against any liability resulting from violations of environmental laws, and GHFA's right to require additional environmental testing of the Property by an environmental engineer or consultant satisfactory to GHFA, all of which must be in form and content satisfactory to GHFA in its sole discretion.
 5. At the date or dates specified in the Loan Documents, Borrower will be required to fund and subsequently maintain reserves for taxes and insurance, replacement of capital improvements, operating deficits [excess cash flow], and such other purposes as GHFA may require and subject to such terms and conditions as GHFA may require in its sole discretion. All reserves will be held by State NHTF Mortgage, unless GHFA agrees otherwise.
 6. Without GHFA's prior written consent, Borrower may not transfer the Land or any interest in it; may not permit any transfer of an interest in Borrower, except limited partnership interests; may not permit the General Partner to be removed or replaced; and may not create or permit any liens, other security deeds, or other encumbrances on the Land, except those approved by GHFA.
 7. GHFA's obligation to make the NHTF construction loan is conditioned upon GHFA's determination that Borrower, [the General Partner], the developer(s), and the manager are all in compliance for other projects funded using NHTF funds, state and federal housing tax credits administered by GHFA, or other sources of funds supplied or administered by GHFA or the Georgia Department of Community Affairs.
 8. GHFA will be permitted to place a sign on the Land, indicating GHFA's participation in the financing for the Project. GHFA will also be permitted to obtain other publicity in connection with the Project through press releases and participation in events such as ground breaking and opening ceremonies. Borrower shall give GHFA sufficient advance notice of any such event and give GHFA as much reasonable assistance as possible in connection with obtaining such publicity as GHFA desires.
 9. No statements, agreements, or representation by GHFA or any of its employees, agents, or contractors with respect to the same subject matter as the Commitment or about the

GHFA loans shall have any force or effect, except to the extent stated and include in the Commitment, and all such prior statements, agreements, or representations are merged in the Commitment.

10. GHFA may terminate the Commitment in its sole discretion and without further notice or obligation if any of the following occurs:
- (a) **Default.** Borrower's failure to meet, satisfy, or perform all applicable covenants and conditions contained in the Commitment on a timely basis or to GHFA's satisfaction; or
 - (b) **Title Problem.** Borrower's failure to acquire the Land (if applicable) or any defect in or objection to Borrower's title to the Property that is non-curable or that is not cured within a reasonable time; or
 - (c) **Bankruptcy; Insolvency.** With respect to Borrower, the General Partner, or any guarantor, the commission of an act of bankruptcy, the making of a general assignment for the benefit of creditors, the filing by or against it of a petition in bankruptcy or for the appointment of a receiver, or the commencement of proceedings under any bankruptcy or insolvency law for relief or the composition, extension, arrangement, or adjustment of any of its obligations or the reorganization of its business, or the issuance of any warrant or attachment against any of its property or the taking of possession of or assumption of control of all or any substantial part of the property of it by any governmental agency; or
 - (d) **Violation of Law.** GHFA's determination that the Closing and funding of the construction loan would violate any applicable law, including the Act and the NHTF regulations; or
 - (e) **Misrepresentation.** Any material misrepresentation or omission or inaccuracy in the application for the GHFA loan and any attachments to it or documents or information delivered in connection with it, including, but not limited to, the financial statements and projections that Borrower [or the General Partner] may have submitted to GHFA; or
 - (f) **Environmental Problem.** Any environmental matter relating to the Property is not satisfactory to GHFA; or
 - (g) **Casualty and Condemnation.** The existing improvements (if applicable) are substantially damaged or destroyed or any part of the Land is taken by condemnation, eminent domain, or similar proceeding or if any such proceeding is pending at the time of Closing.

(NOTE: The general conditions set forth in this Exhibit are not intended to be exhaustive or exclusive, and the attached forms are subject to change, all in the absolute discretion of GHFA. The Loan Documents may contain other terms and condition

February 14, 2024

Timothy I. Henkel
Oak Street I, LLC
2335 North Bank Drive
Columbus, OH 43220-0000

VIA EMAIL: mrule@nationalchurchresidences.org

**Re: HOME Preliminary Reservation Letter
RHA Development Phase I
DCA Project No. 2023-041**

Dear Mr. Henkel:

The Georgia Housing and Finance Authority (“GHFA”), through the Georgia Department of Community Affairs (“DCA”) as its administrator, is pleased to inform you that based on the application and the information that you have submitted to DCA (the “Application”), it intends to make a construction/permanent loan from HOME Investment Partnership Program (“HOME”) Funds. This construction/permanent loan will be made subject to and in accordance with the following terms, provisions, and conditions set forth in this HOME reservation (also “Document”):

A. Borrower: The Borrower shall be Oak Street I, LLC, of which the General Partner is Oak Street I MM, LLC. Without GHFA’s prior written consent, Borrower may not make any change in its organizational structure or the partners, shareholders, or owners of Borrower, and any such change may require Borrower to submit additional information to GHFA for its review and approval.

B. Principal Amount: Borrower will be awarded a HOME construction/permanent loan amount not to exceed \$ 4,700,000. GHFA will disburse the loan over time, subject to GHFA’s approval of draw requests submitted by Borrower in accordance with GHFA’s procedures. Proceeds of the construction loan shall only be used for hard costs, unless GHFA approves otherwise in its sole discretion. At the time of conversion, the construction loan will convert to a permanent loan in an amount not to exceed \$4,700,000. Typical illustrative conversion conditions for the loan are attached as **Exhibit A**.

C. The Project: The “Project” is a 102 multi-family unit development located in Atlanta, Georgia, the construction of which shall be referred to as the “Work.”

D. The Closing: The HOME construction/permanent loan will close (the “Closing”) at a place to be fixed by GHFA with reasonable advance notice to Borrower.

E. Interest: The interest rate for the construction loan will be zero percent (0%). If the construction loan is converted to a permanent loan, the interest rate for the permanent loan will be 2.0%. If there is a default by Borrower, the default interest rate will be 10.0% computed on the basis of a 360-day year. The terms

of the HOME loans will be more fully set forth in the GHFA HOME Agreement and the GHFA HOME Construction/Permanent Loan Agreement.

F. Term: GHFA will determine the maturity date for the construction loan(s) (the “Initial Maturity Date”) based on the approved construction schedule submitted by Borrower, plus some additional time for leasing and stabilizing the Project. The Final Maturity Date will be determined during final underwriting of the permanent loan. Unless Borrower satisfies all conversion conditions, GHFA’s obligation to convert the construction loan to a permanent loan shall terminate at the Initial Maturity Date. Borrower may prepay the construction loan(s) or permanent loan at a time to be determined by GHFA, but prepayment will not terminate the Land Use Restriction Agreement (“LURA”) that will be recorded at the time of Closing, which will contain rent and occupancy restrictions for the Project.

G. Payment Schedule: Unless the construction loan converts to a permanent loan, all outstanding principal and any other amounts owed under the construction loan will be due upon the Initial Maturity Date. If the construction loan is converted, the payment schedule shall be determined during final underwriting of the permanent loan.

H. Guaranties: At Closing, all or some of the principals of Borrower, Borrower’s general partner and/or the developer(s) shall be required to execute and deliver to GHFA a completion and payment guaranty in form and substance satisfactory to GHFA in GHFA’s sole discretion. By its terms, the guaranty will terminate upon full and final completion of the Work (completion to be determined by GHFA) and payment of amounts owed under the guaranty (if any) that accrued before completion of the Work.

I. Federal and Other Requirements: GHFA’s obligation to make the GHFA HOME Construction/Permanent Loan is conditioned upon Borrower’s compliance with all applicable federal laws and regulations relating to the loan and the Project, including, but not limited to, the National Environmental Policy Act (24 CFR Part 58), Davis Bacon and Related Acts, DCA’s Minority and Women Owned Business Engagement Policy, Section 3 requirements, and if applicable the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). The Borrower is required to pay not less than prevailing wage rates to contractors and subcontractors.

Notwithstanding any provision of this Document, the parties hereto agree and acknowledge that this Document does not constitute a final commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of the DCA environmental review and receipt by DCA of release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The parties further agree that the provision of any funds to the Project is conditioned on DCA’s determination to proceed with, modify, or cancel the Project based on the results of the subsequent environmental review.

The GHFA Construction/Permanent Loan shall be subject to the requirements and provisions of the applicable Qualified Allocation Plan (“QAP”) and the Consolidated Plan for the year in which the Application was submitted.

K. Equity Required: Borrower will be required to invest some of its own funds in the Project (the “Equity”). Equity will be invested before GHFA is required to disburse loan proceeds. Equity contributions will be reviewed during GHFA’s final underwriting and subsidy layering analysis.

L. Other Financing: GHFA’s obligation to make and close the construction/permanent loan is conditioned upon: (a) GHFA approving in its discretion the amount, terms, and conditions of all documents and agreements relating to its loan and all other sources of funds; (b) GHFA reaching intercreditor or subordination agreement(s) with other lender(s) satisfactory to GHFA in GHFA’s discretion; and (c) GHFA’s priority with respect to the collateral for the construction/permanent loan

being satisfactory to GHFA in its discretion. If there will be permanent funding for the Project other than the GHFA loan, GHFA's obligation to make and close the HOME construction loans may be conditioned upon GHFA reaching a satisfactory tri-party agreement or form of subordination agreement with each other permanent lender.

M. Commitment of Funds. GHFA will issue a commitment of funds after the DCA Project Loan Committee determines that:

- The proposed Project meets all DCA and HOME requirements.
- The proposed Project Team has the capacity to complete and operate the proposed project.
- Each member of the proposed Project Team is financially sound.
- The proposed loans do not pose an undue risk to GHFA or to GHFA assets, including HUD recapture of the amount of the loan.
- There is sufficient market demand for the proposed property to support adequate need for the project.

N. Expiration/Rescission of HOME Preliminary Reservation. GHFA may terminate this Preliminary Reservation if the Borrower fails to meet the deadlines for submission of documents and closing as set forth in the applicable QAP.

O. Miscellaneous.

1. **Non-Assignability.** Borrower may not assign this reservation without GHFA's prior written consent, which consent may be withheld or granted in GHFA's discretion, and any attempt to make such assignment without such consent shall be void and shall be deemed a material default under this document, entitling DCA in its sole discretion to terminate this Reservation immediately. For purposes of this provision, an "assignment" would include a transfer of a controlling interest in Borrower.

2. **Entire Agreement.** This Document contains the entire agreement of the parties. No change in this Document shall be binding unless in writing and executed by GHFA, and GHFA is under no obligation to make any change to this document if Borrower so requests.

3. **Time.** Time is of the essence with respect to all dates and periods of time set forth in this Document, unless GHFA specifies otherwise in writing in its sole discretion.

4. **Survival.** To the extent that its terms are not incorporated in and not in conflict with the Construction/Permanent Loan Agreement, and other loan documents relating thereto (collectively, the "Loan Documents"), this Document and all terms and provisions in it shall survive the Closing and shall not be merged into any of the Loan Documents.

5. **Third Parties.** This Document is only for the benefit of the parties. No third party shall have any rights or interest in this document or the proceeds of the GHFA Construction/Permanent Loan.

6. **Conditions for Benefit of GHFA.** All conditions in this Document are for the sole benefit of GHFA, and GHFA may insist upon the satisfaction of any or all of them or waive any of them in its sole discretion.

P. Acceptance: This Document will not become effective unless and until Borrower returns to DCA a fully executed copy of it within 14 calendar days of the date listed on the first page. The executed copy should be returned to: Director, Office of Housing Finance, Georgia Department of Community Affairs, 60 Executive Park South, N.E., Atlanta, Georgia 30329. **IF BORROWER DOES NOT ACCEPT THE TERMS OF THIS DOCUMENT, SIGN IT, AND RETURN IT TO DCA BY THAT DATE, THIS**

DOCUMENT SHALL EXPIRE AND HAVE NO FURTHER FORCE AND EFFECT WITHOUT ANY FURTHER ACTION BY GHFA.

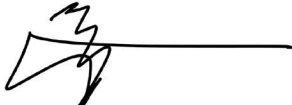
Q. Attachments: This Preliminary Reservation Letter consists of this letter and the following attachments:

- Exhibit A Typical Conversion Conditions;
- Exhibit B Architectural Requirements
- Exhibit C Environmental Review
- Exhibit D Final Underwriting Review
- Exhibit E Legal Closing Phase

In the event that there is any conflict between the letter and the attachments, the letter shall control.

By accepting the terms of this document Borrower is certifying that all representations and information submitted in or with its Application are true, correct, and complete as of the date of acceptance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mitch Kelly", is written over a horizontal line.

Mitch Kelly
Director
Office of Housing Finance

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**ACCEPTANCE OF
HOME PRELIMINARY RESERVATION LETTER**

The undersigned hereby accepts this HOME Preliminary Reservation Letter and agrees to its terms and conditions.

Date: _____

Oak Street I, LLC

By: **Oak Street IMM, LLC**
General Partner

By: **Timothy I. Henkel**

By: _____

Title: _____

Attest: _____

Title: _____

[SEAL]

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EXHIBIT A

Typical Conversion Conditions

The following are the typical conditions precedent for converting the HOME construction loan to a permanent loan. All materials provided to GHFA to satisfy a condition or to substantiate satisfaction of a condition must be satisfactory to GHFA (in its sole discretion) in form and content:

No later than 60 days before conversion:

- C. Final completion of all Work in accordance with the Plans and Specifications and in compliance with the Loan Documents and all legal requirements, substantiated by the following:
 - (a) a final certificate of occupancy for all buildings;
 - (b) the Architect's "punch list" and completion inspection by the inspector or consultant being used by the Lender;
 - (c) the Architect's certificate of substantial completion of the Work;
 - (d) an "as-built" survey prepared in accordance with ALTA/ACSM standards, including the legal description;
 - (e) a letter from the Borrower indicating acceptance of the Work;
 - (f) a letter from the Borrower stating that it has received all manufacturer's warranties and operating manuals;
 - (g) letters from the General Contractor and the Architect stating that the requirements of current codes and construction documents have been met;
 - (h) satisfaction of all requirements in the Loan Documents, including the final draw requirements;
 - (i) a completed MBE/WBE Data Collection Form;
 - (j) a satisfactory test for radon; and
 - (k) photographs of exterior, interior, major equipment and systems, and common areas.
2. Verification that Borrower has paid for all Work and all materials supplied in connection with the Work and all equipment, fixtures, and appliances installed or used in the Premises and other personal property of Borrower and that all such property is free and clear of all liens and security interests (except those permitted by Lender) and receipt of the following:
 - (a) final lien waivers from the General Contractor;
 - (b) Contractor's certification as to actual costs which has been audited by a certified public accountant;
 - (c) final lien waivers from all subcontractors;
 - (d) final lien waivers from all materialman; and
 - (e) a title examination (including UCC search) and an updated title insurance policy for Lender or an endorsement updating the title insurance policy issued to Lender at the closing, which policy shall contain no exceptions, except those acceptable to Lender

3. Verification that all insurance policies and coverage required under the Loan Documents are in place, and receipt of the following insurance certificates for the Borrower, evidencing that such insurance is in force:
 - (a) an ACORD 25-S
 - (b) an ACORD 27
4. Verification that Borrower has obtained all permits or licenses required for the operation of the Premises for its intended use, including a business license and apartment boiler, and elevator licenses (if applicable).
5. Receipt and approval of the following forms and agreements:
 - (a) the lease form (which shall include a HOME Addendum to the lease) to be used for tenants on the Premises;
 - (b) an executed management agreement for the Premises containing provisions satisfactory to Lender, including provisions addressing whether the manager will be located on-site or off-site, whether the manager will be full-time or part-time, how many staff will be used, the hours that will be maintained, and such other specific matters as Lender may require; and
 - (c) the management plan for the project.
- C. Receipt of a termite report indicating no active infestation of any part of the improvements dated no more than 12 months before the conversion date.
- C. Receipt of the information needed to complete the HUD Project Completion Report (Household Data Forms).
- C. Proof in the forms of cancelled checks, bank statements, or other satisfactory evidence that Borrower has received at least \$ _____ from the sale of state tax credits and federal low-income housing tax credits; provided, however, if part of the above amount is to be received at the time of conversion, as provided in the Tax Credit Documents, then this proof need not be submitted until conversion.

No later than 30 days before conversion:

9. Verification that for 3 consecutive months after the date of issuance of the final certificate of occupancy for all Improvements, the minimum occupancy of the Premises has been at least 93% and the minimum monthly effective gross income from the Premises has been at least \$ _____, substantiated by Lender's receipt of the following:
 - (a) profit and loss statement for the Premises; and
 - (b) documentation confirming satisfaction of the other requirements of this condition.
10. Proof of qualification of tenants and the units placed in service for purposes of the Lender HOME Program and low-income housing tax credits, including the following:
 - (a) certified rent roll, showing tenant names, the beginning and expiration date of all leases, and any other tenant or lease information requested by Lender;
 - (b) if not on the rent roll, certification of tenant's income; and
 - (c) if requested, copies of all leases.

11. Verification that a least ___% of the rented “Units”, as defined in the LURA, are occupied by _____.

No later than the date of conversion:

12. Borrower’s payment to Lender of any unpaid fees and expenses required by the Loan Documents.
13. Execution and delivery of a Borrower’s Certificate (in the form following this list), certifying (among other things) that no default currently exists and that no event has occurred or condition exists that, with the passage of time or giving of notice, will cause a default to occur under: (a) LURA; or (b) the Loan Documents; or (c) the Tax Credit Documents.
14. Proof that all escrows and reserves required under the Loan Documents have been established and properly funded in accordance with the Loan Documents, including:
- (a) an escrow account for taxes and insurance
 - (b) an operating deficit reserve
 - (c) a replacement reserve
 - (d) the cash flow reserve
15. Proof by execution and delivery of the Borrower’s Certificate that Borrower has not paid a developer’s fee (including any amount for consulting fees or developer’s overhead) in excess of \$ _____.
16. If necessary, Lender’s receipt of a loan payment sufficient to reduce the outstanding principal balance on the Loan to the Allowable Conversion Amount.

NOTE: The actual conversion conditions may vary from these conditions, which are attached to this Commitment solely as examples of the kinds of conditions that will be contained in the GHFA Loan Agreement.

EXHIBIT B
Architectural Review Phase

Applicants are required to submit the required architectural and construction documentation to DCA for review in accordance with the requirements set forth in the QAP. Please refer to the DCA Architectural Manual and Application submitted to DCA to determine which Architectural criteria and conditions must be met for the subject property. For questions regarding this process, please contact Gary Huggins, DCA Construction Services Manager at 404-679-0639 or via email at Gary.Huggins@dca.ga.gov.

Please follow the architectural and construction documentation submission requirements outlined in the Construction Services Transmittal Form, which is attached to this letter. An Excel version of the Form can be found on the DCA website. Modifications to the DCA approved documents cannot be made without DCA's written consent. The DCA ACS staff will assign an inspector and provide you with a draft of the Inspection Contract at the time it issues its approval of the construction documentation.

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Exhibit C
Environmental Review Process

DCA is required to submit the environmental record to HUD for review and approval before a final commitment of HOME funds can be made. Please refer to the DCA Environmental Manual for additional information. For questions regarding this process, please contact Joanna Jin, Federal Compliance Specialist, at 404-679-0678 or via email at Joanna.Jin@dca.ga.gov.

DCA, as the Responsible Entity (RE) referred to in 24 CFR § 58.43, Environmental Review Procedures for Entities Assuming HUD Responsibilities, is responsible for undertaking environmental reviews for proposed HOME projects. In this capacity, DCA must ensure that the environmental review process is satisfied before certain HUD funds are committed to specific projects. As a result, an Applicant cannot commit or expend HUD or non-federal funds until the environmental review process has been completed and DCA has obtain environmental clearance from HUD.

DCA will publish notices of its intent to allocate HOME funds to your project in the local newspapers of your proposed project's area. DCA will notify you when the ad for your particular project is published. After comments, if any, are received, DCA will review the comments to determine if there has being a finding. Once that process is complete and there has been no finding, DCA will seek HUD's approval of its commitment of funds to the proposed project. Although you have been granted an initial award, in order to ensure that the environmental review process is not challenged, you must refrain from undertaking activities that could have an adverse environmental impact prior to the receipt of an environmental clearance letter from DCA removing the stipulated conditions. Such activities include: acquiring, rehabilitating, converting, leasing, repairing, or constructing property.

Note: The adding of land to a project site requires that DCA go back to HUD for additional approvals. This greatly delays the entire DCA ACS, Underwriting & Legal Closing Process. As a result, it is DCA policy that a HOME project cannot add land after the project is selected for HOME funds.

Exhibit D
Final Underwriting Package:

The following documents must be submitted by the Applicant as one underwriting packet to the assigned DCA HOME Underwriter as soon as final construction pricing is received:

1. Updated Core Application prepared by Applicant
2. Final Commitment letters for all Equity and Debt Providers, and any other form(s) of financial assistance
3. Draft property management agreement
4. Copies of executed consulting agreements and Developer Agreement
5. An organizational chart that details the Owner, General Partner (or Managing Member) and Developer entities down to the level of the individual and /or established entity members, partners or majority shareholders and their accurate percentage of interest; complex structures may require the submission of organizational documents
6. Authorization to release credit information for the principals* of the General Partner (Managing Member) and the Developer
7. Year to date financial statements certified as to truth and accuracy and the most recent audited financial statements for the principals* of the General Partner (Managing Member), Developer and Owner (if established)
8. Resumes for the principals* of the General Partner (Managing Member) and Developer, and the proposed management company
9. A real estate schedule listing each project approved /awarded, under construction or in lease up, anticipated completion date or occupancy percentage, and anticipated conversion date certified as to truth and accuracy for the principals* of the General Partner and the Developer

*principals include individuals and /or established operating entities that are members, partners or shareholders; CHDO entities may require additional documentation.

All underwriting packets must conform to the following requirements:

1. All documents must be submitted in one packet. Incomplete or partial packets will be returned to the Applicant.
2. An updated Core Application must be submitted by the Applicant correctly reflecting all numbers in the final commitment letters and in the general contractor's contract approved by the architectural department.

Exhibit E

Legal Closing Phase

The following documents must be submitted by Borrower and/or Borrower's attorney once the project is assigned to the Special Assistant Attorney General (SAAG) for closing.

1. If borrower is a partnership:
 - (a) The partnership agreement
 - (b) The certificate of partnership and any amendments
2. If the borrower is a corporation:
 - (a) The Articles of Incorporation and certificate of incorporation and any amendments
 - (b) The bylaws and any amendments
3. If the borrower is an LLC:
 - (a) The Articles of Organization and certificate of organization and any amendments
 - (b) The operating agreement and any amendments
4. If the general partner is a corporation:
 - (a) The Articles of Incorporation and certificate of incorporation and any amendments
 - (b) The bylaws and any amendments
5. If the general partner is an LLC:
 - (a) the Articles of Organization and certificate of organization and any amendments
 - (b) The operating agreement and any amendments
 - (c) The organizational documents of the manager(s), if applicable
6. The authorizing resolutions of the borrower
7. The authorizing resolutions of the general partner
8. Title insurance binder and revisions
9. All documents relating to exceptions from coverage under the title binder
10. All easements benefiting or burdening the property
11. The granting instrument(s) to the borrower for the real property
12. Pro forma title policy
13. Survey and revisions
14. The surveyor's certificate
15. Payment and performance bonds or letter of credit
16. Certificate of existence for borrower
17. Certificate of existence for general partner
18. Certificate of existence for the manager of the general partner when the general partner is an LLC and the manager is an entity

19. Confirmation of pre-closing construction conference scheduling
20. Opinion letter(s) of borrower's counsel
21. An index of the contract drawing and specifications
22. The executed development agreement
23. The executed management agreement
24. Executed consulting agreements
25. Senior lender loan documents, if applicable
26. Junior lender loan documents, if applicable
27. Bridge lender loan documents, if applicable
28. Insurance certificates or policies of the borrower (liability only)
29. Insurance certificates or policies of the general contractor (builder's risk and liability only)

Again, congratulations on your project's selection for HOME Funding. DCA looks forward to closing this loan as quickly as possible.

DRAFT

General Conditions of the Loan Documents

The following are the general terms and conditions applicable to GHFA loans:

1. Borrower will execute the following “Loan Documents” at Closing, all of which must be in form and content satisfactory to GHFA:
 - (a) a Construction/Permanent Loan Agreement;
 - (b) a promissory note;
 - (c) a [first][second] priority deed to secure debt for the Land and security agreement granting GHFA a security interest in all furniture, fixtures, equipment, building materials, plans, records, reserves, and other tangible or intangible personal property used in or connected with the Project and financing statements sufficient to perfect GHFA’s interest;
 - (d) a [first][second] priority assignment of leases, rents, and security deposits;
 - (e) a Land Use Restriction Agreement (LURA) which will contain restrictive covenants, in form and content satisfactory to GHFA in its sole discretion. The LURA will be recorded in the real estate records of the County where the Land is located and will contain use, rent, occupancy, and income restrictions (among other things) lasting for a period of at least 20 years from the completion of construction and satisfaction of the other requirements under the HOME regulations;
 - (f) a Borrower’s affidavit;
 - (g) a Borrower’s Certificate; and
 - (h) any other agreements, instruments, certificates, or other documents necessary or desirable to document and evidence the agreement of the parties and close the loan.
2. Third parties must execute and GHFA must receive at or before Closing the following ancillary documents and agreements, all of which must be in form and content satisfactory to GHFA and properly executed:
 - (a) an intercreditor agreement or subordination agreement with each other lender (if applicable);
 - (b) a tri-party agreement with all permanent lenders other than GHFA (if applicable);
 - (c) a consent to assignment from the general contractor;
 - (d) a consent to assignment from the Project architect;
 - (e) a HOME addendum to the construction contract;

- (f) all guaranties of the loan;
 - (g) an opinion letter of counsel for borrower; and
 - (h) any other agreements, instruments, certificates, memoranda or other documents GHFA deems necessary or desirable to close the loan.
3. Borrower's acceptance of the Commitment constitutes Borrower's agreement to pay all fees, expenses, and charges incurred by GHFA in connection with closing and making the loan.
 4. GHFA's obligation to make the construction loan is conditioned upon approval of the Phase I environmental report on the Land and receipt of any updates of additional reports relating to the environmental status of the Land as GHFA may request, all of which are subject to GHFA's review and approval. The Loan Documents will include provisions relating to the environmental requirements for the Property, including warranties and representations by Borrower, Borrower's indemnification of GHFA against any liability resulting from violations of environmental laws, and GHFA's right to require additional environmental testing of the Property by an environmental engineer or consultant satisfactory to GHFA, all of which must be in form and content satisfactory to GHFA in its sole discretion.
 5. At the date or dates specified in the Loan Documents, Borrower will be required to fund and subsequently maintain reserves for taxes and insurance, replacement of capital improvements, operating deficits [excess cash flow], and such other purposes as GHFA may require and subject to such terms and conditions as GHFA may require in its sole discretion. All reserves will be held by State HOME Mortgage, unless GHFA agrees otherwise.
 6. Without GHFA's prior written consent, Borrower may not transfer the Land or any interest in it; may not permit any transfer of an interest in Borrower, except limited partnership interests; may not permit the General Partner to be removed or replaced; and may not create or permit any liens, other security deeds, or other encumbrances on the Land, except those approved by GHFA.
 7. GHFA's obligation to make the HOME construction loan is conditioned upon GHFA's determination that Borrower, [the General Partner], the developer(s), and the manager are all in compliance for other projects funded using HOME funds, state and federal housing tax credits administered by GHFA, or other sources of funds supplied or administered by GHFA or the Georgia Department of Community Affairs.
 8. GHFA will be permitted to place a sign on the Land, indicating GHFA's participation in the financing for the Project. GHFA will also be permitted to obtain other publicity in connection with the Project through press releases and participation in events such as ground breaking and opening ceremonies. Borrower shall give GHFA sufficient advance notice of any such event and give GHFA as much reasonable assistance as possible in connection with obtaining such publicity as GHFA desires.
 9. No statements, agreements, or representation by GHFA or any of its employees, agents, or contractors with respect to the same subject matter as the Commitment or about the

GHFA loans shall have any force or effect, except to the extent stated and include in the Commitment, and all such prior statements, agreements, or representations are merged in the Commitment.

10. GHFA may terminate the Commitment in its sole discretion and without further notice or obligation if any of the following occurs:
- (a) **Default.** Borrower's failure to meet, satisfy, or perform all applicable covenants and conditions contained in the Commitment on a timely basis or to GHFA's satisfaction; or
 - (b) **Title Problem.** Borrower's failure to acquire the Land (if applicable) or any defect in or objection to Borrower's title to the Property that is non-curable or that is not cured within a reasonable time; or
 - (c) **Bankruptcy; Insolvency.** With respect to Borrower, the General Partner, or any guarantor, the commission of an act of bankruptcy, the making of a general assignment for the benefit of creditors, the filing by or against it of a petition in bankruptcy or for the appointment of a receiver, or the commencement of proceedings under any bankruptcy or insolvency law for relief or the composition, extension, arrangement, or adjustment of any of its obligations or the reorganization of its business, or the issuance of any warrant or attachment against any of its property or the taking of possession of or assumption of control of all or any substantial part of the property of it by any governmental agency; or
 - (d) **Violation of Law.** GHFA's determination that the Closing and funding of the construction loan would violate any applicable law, including the Act and the HOME regulations; or
 - (e) **Misrepresentation.** Any material misrepresentation or omission or inaccuracy in the application for the GHFA loan and any attachments to it or documents or information delivered in connection with it, including, but not limited to, the financial statements and projections that Borrower [or the General Partner] may have submitted to GHFA; or
 - (f) **Environmental Problem.** Any environmental matter relating to the Property is not satisfactory to GHFA; or
 - (g) **Casualty and Condemnation.** The existing improvements (if applicable) are substantially damaged or destroyed or any part of the Land is taken by condemnation, eminent domain, or similar proceeding or if any such proceeding is pending at the time of Closing.

(NOTE: The general conditions set forth in this Exhibit are not intended to be exhaustive or exclusive, and the attached forms are subject to change, all in the absolute discretion of GHFA. The Loan Documents may contain other terms and condition



Housing Authority
of the City of Roswell

Providing Quality Affordable Housing that Promotes Dignity, Pride and Opportunity in Roswell, GA

May 11, 2023

Amon Martin, Regional Vice President
Pennrose LLC
675 Ponce De Leon Avenue, Suite 8500
Atlanta, GA 30308

Re: **RHA Redevelopment - Oak Street I LLC**

Property Address: **199 Grove Way
Roswell, GA 30075**

Dear Mr. Martin:

In support of the proposed redevelopment of the Roswell Housing Authority ("RHA") is committed to its partnership with Pennrose, LLC (Pennrose) and relative to the proposed redevelopment project located at 199 Gove Way, Roswell, Georgia ("Development"). The Team will endeavor to reposition RHA's existing affordable housing so that they will be well positioned to provide quality affordable housing for the City of Roswell for years to come. RHA is one of few affordable housing providers in City of Roswell. The numerous amenities, both public and private, as well as high quality schools, make this proposed Development extremely attractive, and this transformative project will allow RHA to reposition its current assets to continue to provide quality affordable housing for families to be able to live in a City in close proximity to quality schools and numerous attractions and amenities.

RHA is committed to providing a favorable-financing loan to this proposed Development as follows:

Borrower: Oak Street I LLC, a Georgia limited liability company

Lender: Roswell Housing Authority

Use of Funds: The funds are to be used for either hard or soft costs related to the development of the RHA Redevelopment at 199 Gove Way, Roswell, Georgia.

Loan Amount: The loan amount will be \$2,000,000.

Loan Term: The term of the loan shall be 30 years. The construction period will be twenty-four (24) months, unless extended by mutual consent. The permanent period will be thirty (30) years.

Loan Interest Rate: During construction, the note shall bear interest at a rate of zero percent per annum with no "add-ons" to the interest rate. During the permanent period, the note shall bear interest at a rate of one percent (0.0%) per annum with no "add-ons" to the interest rate.

Security: Secured by land and to be constructed improvements of proposed 102-units of multifamily housing dwelling located at approximately 199 Grove Way, Roswell GA

Repayment: The loan will have no payments during the construction or permanent period. All unpaid principal and interest will be due on the maturity date.

Reserves: All reserves will meet DCA and 1st Lender / LIHTC Equity Providers minimum Requirements

Fees: No fees will be payable in connection with this loan.

**Additional
Terms &**

Conditions: The Loan is expressly conditioned on the award of 9% low-income housing tax credits from the Georgia Department of Community Affairs.

Termination: RHA may terminate its commitment under this letter if any of the terms or plans of the transaction as heretofore presented to RHA are changed in any material respect.

**Benefit to
RHA & the
Development:**

This letter is for the benefit of the Development and RHA and no other person or party may obtain any rights under this letter or otherwise be entitled to rely or claim reliance on this letter's terms and conditions; with the exception of the Georgia Department of Community Affairs, who may rely on it for the purposes of considering the application for 9% tax credits.

Sincerely,

ROSWELL HOUSING AUTHORITY


Beth Brown, Executive Director





OFFICE OF THE MAYOR
KURT M. WILSON

38 Hill Street
Roswell, GA 30075
mayorwilson@roswellgov.com

May 8, 2023

Mr. Amon Martin, Regional Vice President
Pennrose LLC
675 Ponce De Leon Avenue, Suite 8500
Atlanta, GA 30308

Re: RHA Redevelopment / Property Address: 199 Grove Way, Roswell, GA 30075

Dear Mr. Martin:

The City of Roswell is excited about the partnership of Pennrose, LLC (Pennrose) and The Roswell Housing Authority (RHA) on the development of the Roswell Housing Authority Redevelopment project (the "RHA Redevelopment" or "Development".) The Team will endeavor to reposition RHA's existing affordable housing so that they will be well positioned to provide quality affordable housing for the City of Roswell for years to come. RHA is one of few affordable housing providers in City of Roswell. High barriers to entry make affordable housing very challenging to develop in the City of Roswell. The numerous amenities, both public and private, as well as high quality schools, make the City of Roswell one of Georgia's most attractive Cities for families and seniors. This transformative project will allow RHA to reposition their current assets to continue to provide quality affordable housing for families to be able to live in a City with the highest quality of schools for their children and numerous attractions and amenities. The public benefits to this project are therefore, tremendous.

For the purpose of financing the construction and development of the RHA Redevelopment located at 199 Grove Way, the City of Roswell endeavors to provide a loan to the project with the below terms. Funds used in providing this loan may, in whole or in part, include federally-sourced funds. Lender will disclose the original federal source of such funds, if applicable. Borrower is responsible for understanding the requirements and guidelines of receiving and using such funds including the creation of a community based development organization. This letter is authorized per Roswell Resolution Number 2023-04-15 entitled "*A Resolution of the Mayor and City Council of the City of Roswell, Georgia, Supporting the Roswell Housing Authority and Promoting Redevelopment of Housing Authority Property Through Various Means; and For Other Purposes.*"

Page 1 of 2

The proposed structure of the loan is as follows.

Page 2 of 2

Borrower: Oak Street I LLC, a Georgia limited liability company of which RHA or its subsidiary will be a partner.

Lender: The City of Roswell, Georgia

Use of Funds: The funds are to be used for either hard or soft costs related to the development of the **RHA** Redevelopment.

Loan Amount: The loan amount will be \$2,000,001.

Loan Term: The term of the loan shall be 30 years. The construction period will be twenty-four (24,) months, unless extended by mutual consent. The permanent period will be thirty (30) years.

Loan Interest Rate: During construction, the note shall bear interest at a rate of zero percent (0.0%) annum with no "add-ons" to the interest rate. During the permanent period, the note shall bear interest at a rate of zero percent (0.0%) per annum with no "add-ons" to the interest rate.

Security: Secured by land and to be constructed by improvements of proposed 102-unit multifamily housing dwelling located at approximately 199 Grove Way, Roswell, Georgia.

Repayment: The loan will have no payments during the construction or permanent period. All unpaid principal and interest will be due on the maturity date.

Reserves: All reserves will meet DCA and 1st Lender/ LIHTC Equity Providers Minimum Requirements.

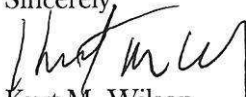
Fees: No fees will be payable in connection with this loan.

Additional Terms & Conditions: The Loan is expressly conditioned on the award of 9% low-income housing tax credits from the Georgia Department of Community Affairs.

Termination: The City of Roswell may terminate its commitment under this letter if any of the terms or plans of the transaction as heretofore presented to The City of Roswell are changed in any material respect.

Benefit to RHA & the Development: This letter is for the benefit of the Development and **RHA** and no other person or party may obtain any rights under this letter or be entitled to rely or claim reliance on this letter's terms and conditions, with the exception of the Georgia Department of Community Affairs, who may rely on it for the purposes of considering an application for 9% tax credits.

Sincerely,



Kurt M. Wilson

cc: Roswell City Councilmembers / Randy Knighton, City Administrator / David Davidson, City Attorney

[Print](#)

Repayment Calculator

Loan balance

Interest rate %

Compound

Pay back

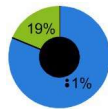
- Repay within a fixed time
- Repay with a fixed installment

of every quarter

Result

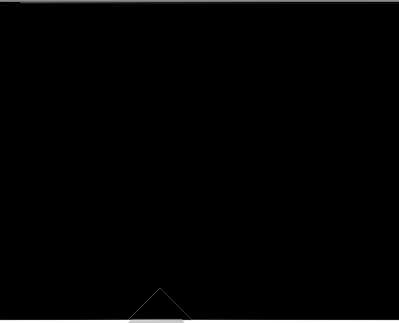
By paying \$81,750.00 every quarter, the loan will be paid off in **7 years and 8.2 months.**

Total of 31 loan payments \$2,512,936.62
Interest \$473,936.62



a Principal
a interest

[View Amortization Table](#)



Amortization Schedule

	Beginning Balance	Interest	Principal	Ending Balance
	\$2,039,000.00	\$27,979.76	-\$53,770.24	\$1,985,229.76
2	\$1,985,229.76	\$27,241.90	-\$54,508.10	\$1,930,721.66
3	\$1,930,721.66	\$26,493.93	-\$55,256.07	\$1,875,465.59
4	\$1,875,465.59	\$25,735.69	-\$56,014.31	\$1,819,451.28
Year #1 End				
5	\$1,819,451.28	\$24,967.04	-\$56,782.96	\$1,762,668.32
6	\$1,762,668.32	\$24,187.85	-\$57,562.15	\$1,705,106.17
7	\$1,705,106.17	\$23,397.97	-\$58,352.03	\$1,646,754.14
8	\$1,646,754.14	\$22,597.24	-\$59,152.76	\$1,587,601.38
Year #2 End				
9	\$1,587,601.38	\$21,785.53	-\$59,964.47	\$1,527,636.91
10	\$1,527,636.91	\$20,962.68	-\$60,787.32	\$1,466,849.59
11	\$1,466,849.59	\$20,128.54	-\$61,621.46	\$1,405,228.13
12	\$1,405,228.13	\$19,282.95	-\$62,467.05	\$1,342,761.08
Year #3 End				
13	\$1,342,761.08	\$18,425.76	-\$63,324.24	\$1,279,436.84
14	\$1,279,436.84	\$17,556.81	-\$64,193.19	\$1,215,243.65
15	\$1,215,243.65	\$16,675.93	-\$65,074.07	\$1,150,169.58
16	\$1,150,169.58	\$15,782.96	-\$65,967.04	\$1,084,202.55
Year #4 End				
17	\$1,084,202.55	\$14,877.74	-\$66,872.26	\$1,017,330.29
18	\$1,017,330.29	\$13,960.10	-\$67,789.90	\$949,540.39
19	\$949,540.39	\$13,029.87	-\$68,720.13	\$880,820.27
20	\$880,820.27	\$12,086.87	-\$69,663.13	\$811,157.14
Year #5 End				
21	\$811,157.14	\$11,130.94	-\$70,619.06	\$740,538.08
22	\$740,538.08	\$10,161.88	-\$71,588.12	\$668,949.96
23	\$668,949.96	\$9,179.53	-\$72,570.47	\$596,379.48
24	\$596,379.48	\$8,183.69	-\$73,566.31	\$522,813.18
Year #6 End				
25	\$522,813.18	\$7,174.20	-\$74,575.80	\$448,237.37
26	\$448,237.37	\$6,150.84	-\$75,599.16	\$372,638.22
27	\$372,638.22	\$5,113.45	-\$76,636.55	\$296,001.67
28	\$296,001.67	\$4,061.82	-\$77,688.18	\$218,313.49
Year #7 End				
29	\$218,313.49	\$2,995.76	-\$78,754.24	\$139,559.25
30	\$139,559.25	\$1,915.07	-\$79,834.93	\$59,724.32
31 (Partial)	\$59,724.32	\$819.55	\$59,724.32	\$0.00

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- [Auto Loan](#)
- [Payment](#)
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- [Compound Interest](#)
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- [Sales Tax](#)

1355 Woodstock Road

