



January 22, 2024

Keith Walker, Executive Director
East Carolina Community Development, Inc.
108 Professional Park Dr.
Beaufort, NC 28516

Dear Mr. Walker:

The City of Fayetteville is pleased to commit a loan for the development of a 72-unit apartment development for low- and moderate-income family residents, to be known as Cliffmore Park and located on 1404 Deer Trail Drive in Fayetteville, North Carolina (the "Project"). The purpose of the loan and our loan conditions are described below:

Borrower: Cliffmore Park Apartments, LL

Use of Funds: Construction of a 72-unit apartment development in Fayetteville, NC. Ten (10) of these units are to be floating HOME units and shall be rented to families at or below 50% of the area median income. Rents for these ten (10) HOME units cannot exceed the rent rates as established by the HOME program Rules and Regulations. The units must comply with the HOME Rules and Regulations for the entire Period of Affordability which for this project is twenty (20) years.

Amount: \$683,968

Interest Rate: One percent (1%) fixed rate

Term/Payment: The loan shall be for a 20-year term commencing on the date the loan funds have been disbursed in full and maturing 20 years from such date ("Maturity Date"). The first annual payment is due one year from the anniversary of the project's first lien permanent loan closing (after stabilization is achieved), with payments due annually thereafter. All outstanding principal and interest shall be due and payable in full on the Maturity Date. The payment will be based on cash flow and will comply with NCHFA's 2021 OAP Section IV C 2 regarding projects with RPP loans

Collateral: The collateral shall consist of an anticipated third lien Deed of Trust encumbering the Project. The City of Fayetteville shall execute such subordination agreements as shall be required by senior lenders for the development and will subordinate to other lenders if necessary.

Source of Funds: HOME funds from the City of Fayetteville's HOME Investment Partnership Entitlement.

Draws: The loan funds shall be disbursed to the Borrower as follows: (i) \$102,595 at 25% construction completion, (ii) \$170,992 at 50% construction completion, (iii) \$170,992 at 75% construction completion, and (iv) \$239,389 at 100% construction completion.

Costs: All costs pertaining to closing the loan will be borne by the borrower, including recording fees and the legal fees incurred by the City of Fayetteville. There shall be no loan fees or prepayment penalties associated with this loan.



Other Conditions: This commitment expires on June 30, 2024.

We look forward to working with you as you develop affordable housing for families in the City of Fayetteville, North Carolina.

Sincerely,

Christopher Cauley, MPA
Director of Economic and Community Development
City of Fayetteville, NC