



**August 11, 2025**

SEML Development, LLC  
2939 Breezewood Ave, Ste 201  
Fayetteville, NC 28303

Mr. Duggins:

The City of Fayetteville is pleased to commit a loan ("Loan") to assist in financing the construction of an affordable housing development known as West Cumberland Phase 2, subject to the following terms: CONTINGENT ON A COMPLETED ENVIRONMENTAL REVIEW APPROVED BY HUD

**Borrower:** SEML Development, LLC  
The Borrower is not a Community Housing Development Organization as defined by the HOME Program

**Property:** 8103 Raeford Road (adjacent), Fayetteville, North Carolina 28304  
PIN: 9476954439

**Project:** The construction of seventy-two (72) affordable individual multifamily rental housing units to be known as "West Cumberland Phase 2" and located on the Property (the "Project")

**Loan Amount:** \$1,000,000.00

**Source of Funds:** HOME funds from the City of Fayetteville HOME Program

**Affordability Period:** Twenty (20) years

**Use of Funds:** To assist in financing the construction of seventy-two (72) fixed, HOME-assisted units ("HOME Units") of affordable, multifamily rental housing in Fayetteville, North Carolina as set forth below. Five (5) of these units will be floating HOME units.

Low HOME Units. Two (2) one-bedroom unit, two (2) two-bedroom units, and one (1) three-bedroom units shall be rented exclusively to persons or households earning no greater than fifty percent (50%) of the Fayetteville area median income as determined from time to time by HUD (the "AMI"), and shall comply with the HOME Program's Low HOME rent and income requirements.

The HOME Units and their rent rates must comply with HUD's HOME Program and the rules and regulations promulgated pursuant thereto, in addition to the City's HOME Program (the "Requirements") for the entire Affordability Period.

Interest: One percent (1%) fixed rate, bearing simple interest.

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").

During the term of the Loan, monthly payments shall be due and payable as set forth in the Loan's promissory note. 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 2023 QAP.

Draws: The loan funds shall be disbursed to Borrower as follows: (i) \$250,000 at 25% construction completion, (ii) \$250,000 at 50% construction completion, (iii) \$250,000 at 75% construction completion, and (iv) \$250,000 at 100% construction completion.

Retainage: The City reserves the right to withhold 10% from each progress payment, as retainage, which shall be paid upon 100% construction completion of the Project.

Payment and Performance Bond: Borrower shall provide to the City payment and performance bonds naming the City as a dual obligee in an amount not less than the full value of the construction contract.

Collateral: The collateral shall consist of a second lien Deed of Trust encumbering the Property. The City of Fayetteville shall execute such subordination agreements as shall be required by senior lenders for the development.

Costs: All costs pertaining to closing the Loan will be borne by the Borrower, including attorneys' fees (not to exceed \$15,000.00) and recording fees, which shall be payable at closing. There shall be no loan fees or prepayment penalties associated with this Loan.

Requirements: Borrower agrees that Borrower and the Project shall meet the Requirements throughout the Affordability Period. In the event the Project or Borrower does not meet the Requirements throughout the Affordability Period, Borrower shall be required to repay the then-outstanding balance of the Loan.

Compliance  
Monitoring: During the Affordability Period, Borrower and Borrower's members shall be required to submit documents and records reasonably necessary to confirm Borrower and the Project's compliance with the Requirements, as well as any other items which may be reasonably required or requested by the City or its counsel.

Other Conditions: This Loan may be subject to additional conditions set forth in the Loan's documents.

Expiration: This commitment expires on June 18, 2026.

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

Sincerely,

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Dr. Douglas J. Hewett, ICMA-CM  
City Manager  
City of Fayetteville, NC

**Accepted and Agreed to by:**

SEML Development, LLC,  
a North Carolina limited liability company

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_