



April 22, 2024

Aubrey Hills Apartments, LLC
c/o Halcon Development, LLC
2615 Anderson Highway, Suite B
Powhatan, VA 23139

Traci Dusenbury Tate:

The City of Fayetteville is pleased to commit a loan ("Loan") to assist in financing the construction of an affordable housing development known as Aubrey Hills, subject to the following terms:
THIS COMMITMENT LETTER IS CONTINGENT ON A COMPLETED ENVIRONMENTAL REVIEW APPROVED BY HUD

Borrower: Aubrey Hills Apartments, LLC
The Borrower is not a Community Housing Development Organization as defined by the HOME Program

Property: 148 Horseshoe Road, Fayetteville, North Carolina 28303
PIN: 0408393051

Project: The construction of thirty-two (32) affordable individual multifamily rental housing units to be known as "Aubrey Hills" and located on the Property (the "Project")

Loan Amount: \$2,145,000.00

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 thirty-two (32) fixed, HOME-assisted units ("HOME Units") of affordable, multifamily rental housing in Fayetteville, North Carolina as set forth below. Eleven (11) of these units will be floating HOME units.

Low HOME Units. One (1) one-bedroom unit, eight (8) two-bedroom units, and two (2) 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: Two percent (2%) fixed rate, bearing simple interest.

Term/Payment: The Loan shall be for a 30-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.

Draws: The loan funds shall be disbursed to Borrower as follows: (i) \$321,750 at 25% construction completion, (ii) \$536,250 at 50% construction completion, (iii) \$536,250 at 75% construction completion, and (iv) \$750,750 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 third 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 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

Accepted and Agreed to by:

Aubrey Hills Apartments, LLC,
a North Carolina limited liability company

By: Aubrey Hills Apartments MM, LLC,
a North Carolina limited liability company

Title: Managing Member

By: _____

Title: _____