



February 12, 2024

Incrementum Properties LLC
Innovative Builds Inc.
1102 Waddell St
Fayetteville, NC 28301

Dear Mr. Bowley:

The City of Fayetteville is pleased to commit a loan ("Loan") to assist in financing the rehabilitation of an affordable housing development known as Liberty Springs Apartments, subject to the following terms:

Borrower: Incrementum Properties LLC.
The Borrower is not a Community Housing Development Organization as defined by the HOME Program.

Property: 238 S. Cool Spring Street, Fayetteville, North Carolina 28301
PIN: 0437-62-9473

Project: The rehabilitation of eight (8) affordable individual multifamily rental housing units to be known as "Liberty Springs Apartments" and located on the Property (the "Project").

Loan Amount: \$380,500.00

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

Affordability Period: Fifteen (15) years

Use of Funds: To assist in financing the rehabilitation of eight (8) fixed, HOME-assisted units ("HOME Units") of affordable, multifamily rental housing in Fayetteville, North Carolina as set forth below.

Low HOME Units. One (1) zero-bedroom unit and one (1) one-bedroom unit 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.

High HOME Units. Three (3) zero-bedroom units and three (3) one bedroom units shall be rented exclusively to persons or households earning no greater than sixty percent (60%) of the AMI, and shall comply with the HOME Program's High 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 15-year term, amortized over 30 years, commencing on the date the Loan funds have been disbursed in full and maturing 15 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.



Collateral: The collateral shall consist of a first 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 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.

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:

Incrementum Properties LLC,
a North Carolina limited liability company

By: _____

Name: _____

Title: _____