



FAIRFAX COUNTY

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

3700 Pender Drive, Suite 300
Fairfax, Virginia 22030-7444

V I R G I N I A

Telephone: (703) 246-5000 ♦ Fax: (703) 653-1361
TTY: 711

October [], 2019

The Residences at North Hill 2, LLC
c/o Pennrose, LLC
575 S Charles St, Suite 140
Baltimore, MD 21201

Re: The Residences at North Hill 2 - CDBG Loan
Commitment

Dear Sir or Madam:

The Fairfax County Redevelopment and Housing Authority (“FCRHA”) is pleased to offer you the following commitment (the “Commitment”) for a loan (the “Loan”). The terms and conditions of this Commitment are as follows:

1. Borrower: The Residences at North Hill 2, LLC (the “Borrower”)
2. Project Generally: Borrower intends to acquire, through a long-term ground lease, certain real property located in the County of Fairfax, Virginia as identified in the attached Exhibit A hereto, for the construction and development of an affordable housing complex having approximately 75 units (the “Project”).
3. Purpose of Loan. This Loan will fund CDBG-eligible site work and related costs.
4. Other Financing: Other financing is to be provided by a loan from SunTrust Bank, a loan from the Virginia Department of Housing and Community Development, and proceeds from the syndication of Low Income Housing Tax Credits allocated by the Virginia Housing Development Authority (the “Tax Credits”).
5. Collateral: The Loan will be secured by a second-position (or lower if required for Tax Credit purposes or by other lenders) deed of trust against the Borrower’s interest in the Project.
6. Amount: The principal amount of the Loan shall be One Million, Six Hundred Ninety-Two Thousand, Seven Hundred Seventy-Four and 00/100 Dollars (\$1,692,774.00). The FCRHA reserves the right to break this amount up into multiple loans aggregating to the same amount.
7. Disbursement: The Loan will be disbursed as the site work progresses.
8. Interest Rate: The interest rate on the Loan shall be Zero Percent (0.0%).

9. Term: The Loan will have a 50 year initial term. Unless the project finance documents (based on the analysis of the tax credit investor) require otherwise, Borrower will have a one-time right to extend the term to be coterminous with the term of a refinancing of the first-position debt.
10. Affordability: The Borrower will maintain the Project as affordable housing for 30 years for households where the initial household income for eleven percent (11%) of the units (8 units) does not exceed 30 percent (30%) of the area median income (AMI), the initial household income for forty percent (40%) of the units (30 units) does not exceed 50 percent (50%) of AMI, and the initial household income for forty-nine percent (49%) of the units (37 units) does not exceed 60 percent (60%) of AMI.
11. Repayment Terms: To the extent required by the project finance documents (based on the analysis of the tax credit investor), Borrower will make repayments from cash flow.
12. Prepayment: Borrower may prepay only with the prior consent of the FCRHA. FCRHA will not charge a prepayment premium should the Borrower choose to prepay all or a portion of the remaining balance due on the Loan and the FCRHA consent to prepayment. If Loan is prepaid, the affordability restriction will remain in place for 30 years.
13. Conditions to Commitment: This commitment is subject to the following conditions:
 - a. Submission and review of funding commitments from all other sources of financing necessary to satisfactorily complete construction of the development.
 - b. Those conditions set forth in the Development and Loan Agreement between the FCRHA and Borrower, dated the same date as this Commitment.
 - c. Other terms and conditions per standard FCRHA loan documents, except reserve requirements, FCRHA repurchase right, and equity share provisions will not be included.
14. Waiver: FCRHA reserves the right to waive any term or condition hereof provided, for the benefit of FCRHA, in its sole discretion.

Regards,

Thomas Fleetwood, Director
Fairfax County Department of Housing and Community Development