

## APPENDIX E

### Sample Permanent Lender Letter of Intent / Commitment (must be on lender's letterhead)

Attn: Low Income Housing Tax Credit Program

The undersigned (Lender) hereby makes the following representations to induce the N.C. Housing Finance Agency to reserve to After School, LLC (Applicant) Low Income Housing Tax Credits for the development located at or to be located at 502 West Third Street in Siler City, Chatham County, North Carolina, known as or to be known as Siler School Square, and consisting of or to consist of 44 units (Development):

1. The Lender has issued a letter of intent (Letter) to Applicant to provide permanent financing in the amount not to exceed \$120,000 (the Loan amount).
2. The Letter does not contain any conditions which are not customary and reasonable for loans of this nature and amount and which are not reasonably expected by the Lender to be met at the time of loan funding.
3. The loan, if made, shall have a term of at least 30 years, and shall be indexed to the long-term adjusted Applicable Federal Rate (AFR), which is at a current rate of 1.97 %. There shall be no balloon payments due for at least 15 years.
4. The amortization period of the loan shall be 30 years with the annual principal and interest payments on this loan only paid from 50% (fifty percent) of cash flow when cash flow exceeds a 1.2 Debt Coverage Ratio (DCR) after the deferred developer fee is paid in full and after annual partnership operational costs.
5. The anticipated security interest of the Lender shall be fee simple and the loan will be secured by a promissory note and deed of trust. The Lender is willing to hold a third position in its security interest after the mortgagor and NCHFA. .
6. The Letter shall be valid until September 29, 2019.
7. The total amount of fees associated with this permanent financing (i.e. origination) are \$0.00. The Lender understands that the Agency needs this information to determine the Development's eligible basis.

Chatham County

\_\_\_\_\_  
Name of Lender

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

Renee F. Paschal  
County Manager  
Chatham County