

EXHIBIT A
TULIP COMMONS AT OLD VINEYARD
FINANCING COMMITMENT FOR
CONSTRUCTION OF 60 APARTMENT UNITS

1. Purpose - Permanent mortgage financing of the construction of a 60-unit rental housing development for seniors, known as Tulip Commons at Old Vineyard, located at 4124 Old Vineyard Road.
2. Permanent Loan – Subordinate, permanent mortgage financing in an amount not to exceed \$1,925,000, to be derived from Affordable Housing Development funds, subject to determination of final cost and continued availability of said funds through project completion. The loan will be evidenced by a Promissory Note and Deed of Trust. The total of all mortgage encumbrances shall be supported by appraised value.
3. Fees - Borrower will be responsible for all fees and closing costs as well as the City's direct legal and other expenses associated with processing the Loan documents.
4. Terms and Conditions - As City financing is provided on a "gap" basis, a final determination of the interest rate and loan terms will be based on a proforma cash flow analysis upon finalization of construction cost and other leveraged financing.
5. Other Financing - The Borrower shall be responsible for attaining commitments, satisfactory to the City, for the balance of the project cost from other additional permanent financing and equity sources, including, but not limited to, Low Income Housing Tax Credits.
6. Rental and Occupancy – All units will be rented to low-income persons, defined by the North Carolina Housing Finance Agency for the Tax Credits and the U.S. Department of Housing and Urban Development (HUD) as being at or below 80% of the area median income, adjusted by household size.
7. Reserves - In addition to an initial operating reserve and rent-up reserve to be established from tax credit proceeds, Borrower shall make deposits into operating and replacement reserves in amounts and a schedule acceptable to the City and in compliance with tax credit requirements.
8. Ownership - The project will be developed, owned and managed by a Limited Partnership, to be known as PDG TC Old Vineyard, LP, its affiliates or assigns, in which case the General Partner will be an entity which managing member is DRM Development, LLC, and such ownership structure shall be approved by the City of Winston-Salem. Subsequent authorization of the City will be required prior to any transfer or assignment of ownership of the property.

9. Subdivision, Construction and Maintenance Standards - Financing eligibility requires attainment of zoning, subdivision, site plan, and erosion control plan approvals as applicable. Construction shall be required to comply with all applicable state and local building codes, and all state, local and federal requirements governing handicapped accessibility. This commitment is subject to review and approval of the scope of work and specifications by the Neighborhood Services Department of the City and final cost certification upon construction completion. Borrower shall maintain the property in compliance with the City's Minimum Housing Code.

10. Other Conditions – Borrower shall comply with all applicable regulatory requirements, including, but not limited to, Environmental Review, Contractor-Consultant certification standing, Minority/Women Business Enterprise (M/WBE), and fair housing regulations, and all applicable Low Income Housing Tax Credit regulations.