

FAIRFAX COUNTY
REDEVELOPMENT AND HOUSING
AUTHORITY

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



FAIRFAX
COUNTY

V I R G I N I A

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[], 2020

CHPPENN Land, LLC
c/o Pennrose, LLC
575 S Charles St, Suite 140
Baltimore, MD 21201

Re: North Hill – Loan re Acquisition of Townhouse Component of Project
Commitment

Dear Sir or Madam:

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

1. Borrower: CHPPENN Land, LLC, a Virginia limited liability company (the “Borrower”).
2. Property: Borrower intends to acquire certain real property located in the County of Fairfax, Virginia, referred to as “Parcel 4” in that certain Deed of Subdivision, Dedication, Easement, Quitclaim, Vacation and Declaration, dated as of May ____, 2020 and recorded in Fairfax County land records in Deed Book ____, Page ____ (the “Property”).
3. Purpose of Loan: This Loan will fund a portion of the Borrower’s costs of acquiring the Property.
4. Collateral: The Loan will be secured by a first-position deed of trust against the Property (“Deed of Trust”).
5. Amount: The principal amount of the Loan shall be Five Million Dollars (\$5,000,000.00).
6. Other Financing: In connection with its acquisition of the Property, Borrower may also borrow up to an aggregate total of \$6,564,000.00 through one or more loans from an affiliate of Borrower (collectively, the “Affiliate Loans”). The Affiliate Loans will be subordinate to the Loan; the loan documents for the Affiliate Loans will be subject to the reasonable review and approval of the FCRHA. Borrower will borrow no other funds at or before the closing of its acquisition of the Property, nor will Borrower place any other lien on the Property in connection with the closing.

After Borrower acquires the Property, Borrower may not place any other lien (other than those of the Affiliate Loans) on the Property without the prior written approval of FCRHA, which the FCRHA may withhold in its sole discretion, except (a) as part of a refinancing or other transaction that repays the Loan in its entirety or (b) as part of a Subordinate Refinancing (as defined below).

7. Subordinate Refinancing: The FCRHA will subordinate the lien of the Deed of Trust in a future refinancing by Borrower, but only if all of the following conditions are met:
 - a. Borrower remains the owner of the Property. (The FCRHA will not subordinate as part of a sale or other transfer of the Property by Borrower.)
 - b. The new first-position lender is a community development financial institution (CDFI). Borrower may also obtain loans from multiple CDFIs, so long as the loans otherwise comply with the provisions of this commitment.
 - c. The original principal amount of the new loan (or the aggregate of such new loans, if more than one CDFI is lending funds) does not exceed (i) if made within three months of closing, \$8,000,000.00, and (ii) if made more than three months after closing, the difference between the value of the Property, as determined by a then-current appraisal subject to the reasonable approval of the FCRHA, and \$2,500,000.00.
 - d. The refinancing partially repays the Loan and reduces the total then-outstanding amount due under the Loan (including accrued interest to such date and any other costs then owing under the Loan Documents) to \$1,500,000.00.
 - e. Borrower agrees to amendments to the Loan Documents reasonably related to the subordination and reasonably requested by the FCRHA.
 - f. The CDFI lender agrees to reasonable intercreditor provisions.
 - g. The Loan will, following the Subordinate Refinancing, be subordinate only to the CDFI loan(s) and not to the Affiliate Loans (anticipated to be in third priority, behind the CDFI loan and the Loan) or any other loans.
 - h. The term of the Loan will remain unaffected by the Subordinate Refinancing.
8. Disbursement: The Loan proceeds will be disbursed upon the closing of the Borrower's acquisition of the Property.
9. Interest Rate: The interest rate on the Loan shall be two percent (2.0%) simple interest.
10. Term: The Loan will have a two year term. The Maturity Date will be ____ [2 YEARS FROM CLOSING], 2022.
11. Affordability: No term or condition of the Loan will require that the Property be used as affordable housing.

12. Repayment Terms: All principal, interest, and other sums due under the Loan Documents (as defined below) will be due on the Maturity Date, unless otherwise due earlier in accordance with the terms of the Loan Documents. Accrued interest will be deferred until the Maturity Date, or such other earlier date on which all sums may become due under the Loan Documents, or any earlier prepayment date. In the event of a partial prepayment, all accrued interest then outstanding must be paid (not merely the accrued interest on the portion of principal being prepaid).
13. Prepayment: Borrower may prepay the Loan, in full or in part, at any time. The FCRHA will not charge a prepayment premium.
14. Loan Documents: The Loan Documents will be comprised of the Deed of Trust, a note, and a loan agreement generally consistent with the FCRHA's Housing Blueprint program.
15. Conditions to Commitment: This commitment is subject to the following conditions:
 - a. Submission and review of funding commitments from all other sources necessary to complete the acquisition of the Property.
 - b. Other terms and conditions generally consistent with standard FCRHA Housing Blueprint loan documents, except reserve requirements will not be included.
16. 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