

## 2010 Tax Credit Program

# Bulletin # 4

May 21, 2010

Changes/Deletions/Clarifications to the 2010 Qualified Allocation Plan and/or  
2010 Low-Income Housing Tax Credit Manual:

### Clarification

**QAP- Pages 8-9**

#### **READINESS ISSUES:**

As indicated in Bulletin #3 issued on May 5, 2010, construction loan commitments from conventional construction lenders may not be conditional or contingent upon further due diligence and/or review of the proposed development.

A loan commitment letter acceptable to the Authority must have, at a minimum, the following elements:

- 1) The stated purpose must be for the proposed LIHTC development under consideration by the Authority.
- 2) The amount must be for not less than 25% of the total development cost.
- 3) The basic repayment terms, such as maturity date, interest rate, fee, and repayment terms.
- 4) The guarantors, collateral, or security for the loan.
- 5) The loan may be contingent upon the success of the application for tax credits for the project, but should not be contingent upon other material terms such as borrower's creditworthiness.

Below is a sample commitment that the Authority would consider acceptable. The sample is not intended as a required format.

## VAULT AND TELLER BANK

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We are pleased to provide this commitment for a construction loan ("Loan") for Dunvegan Skye Apartments ("LIHTC Development"). This firm commitment from Vault and Teller Bank ("Bank") is made based upon the financial information and projections provided to us by you in support of your loan application, and under the following terms and conditions:

**Borrower:** The LIHTC Development, or Nominee ("Borrower"), a State of South Carolina Limited Partnership.

**Purpose:** To finance the construction of Fifty-Eight (58) units of affordable, LIHTC designated apartments. The LIHTC Development is to be located on 1294 Dunvegan Court, Columbia, South Carolina (the "Property").

**Property:** The Property title is held by Dunvegan Skye Development, LP.

**Amount:** \$8,250,000.00 Construction Loan.

**Maturity:** 24 months from closing.

**Interest Rate:** The interest rate will be 6.25%.

**Fee:** The Borrower will pay a nonrefundable commitment fee of Ten percent (10%) of the Construction Loan Amount due at loan closing.

**Repayment:** Interest monthly, principal due at the earlier of project stabilization or maturity.

**Disbursement Conditions:** Based on approved monthly draw requests.

**Prepayment:** This Facility shall be pre-payable in whole or in part without penalty or premium.

**Guarantors:** Developer Dunvegan and Dunvegan Skye Development, LP shall provide, a joint and several, unconditional guaranty of full payment and performance.

**Security/Collateral:**

- a) A perfected priority interest in a Cash Collateral Account escrowed at Mountainview Bank & Trust. The balance of the account shall be maintained at \$10,000,000.00 until the Loan is repaid at maturity.
- b) A first priority mortgage lien on the Property.

SAMPLE LENDER COMMITMENT LETTER

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- c) A first priority security interest in, or collateral assignment of, as applicable to:
- all fixtures and equipment owned by the borrower;
  - leases and rents;
  - project construction and architectural documents;
  - all grant funding associated with the project;
  - the General Partner's rights and interests; and
  - the borrower's capital contribution.

**Subordinate Debt:** Any and all grants and debt financing shall be fully subordinate to Vault and Teller Bank.

**Condition to any funding:** Successful award and allocation of annual Low Income Housing Tax Credits from the South Carolina State Housing Finance Development Authority.

**COSTS:**

Borrower shall be responsible for and pay all costs, expenses and fees associated with this transaction.

**DOCUMENTS:**

This commitment does not set forth all the terms and conditions of the facility offered herein which will be included in the Bank's loan documentation. The loan is subject to the execution and delivery of the loan documentation by Bank and Borrower.

All third party beneficiary rights are expressly negated. No person who is not a party to this commitment shall have or enjoy any rights under this letter. No change, amendment or modification of this commitment shall be valid unless made in writing, addressed to the Borrower and signed by a duly authorized officer of the Bank.

This commitment will expire unless it is closed on or before July 30, 2010, if not extended by Bank.

Sincerely,

s/Friendly Banker

Senior Vice President  
Vault & Teller bank

Agreed to and accepted this 21st day of May, 2010.

s/Developer Dunvegan

By: Developer Dunvegan

SAMPLE LENDER COMMITMENT LETTER

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Managing General Partner  
Dunvegan Skye Development, LP