

SECOND AMENDMENT TO MASTER DEVELOPMENT AGREEMENT

This Second Amendment to Master Development Agreement (this “Second Amendment”) is made and entered into as of _____, 2022 (the “Effective Date”), between Laurel Street Residential, LLC, a North Carolina limited liability company (the “Developer”), and County of Durham, a public body corporate and politic (the “County”).

RECITALS

- A. The Developer and County entered into that certain Master Development Agreement effective as of January 8, 2021, as amended by that certain First Amendment to the Master Development Agreement dated March 8, 2022 (collectively, the “Agreement”) for the purpose of redeveloping approximately 2.16 acres located at 300 East Main Street, Durham, North Carolina 27701, and having Tax Parcel Number 102926 and Durham County Parcel Identification Number 0831-09-06-5538 into the Project defined therein.
- B. In Phase 1 of the Project, the County agreed, among other things, to (i) demolish the existing surface parking facility; (ii) construct, own and operate a structured parking facility providing at least seven hundred fifty-three (753) parking spaces (the “Parking Facility”); and (iii) construct the concrete podium (containing approximately 16,335 square feet) to house the amenity spaces and childcare facility.
- C. In Phase 2 of the Project, the County agreed, among other things, to enter into the Ground Lease with the Developer for ninety-nine (99) years for the construction and operation of a six (6)-story housing structure that will wrap around the Parking Facility, which shall include approximately one hundred ten (110) Affordable Housing Units over five floors with a variety of studio, one, two and three bedroom units with water, sewer, trash collection and parking included in the rent, together with approximately 13,215 square feet of apartment amenity space, including a leasing office, community space and a laundry (the “Housing Structure”). The Ground Lease shall also include (i) approximately 10,243 square feet of space for childcare and pre-K classroom(s) (the “Childcare Space”); and (ii) a public open space (the “Linear Park”).
- D. The Developer is experiencing a significant rise in construction costs which is preventing the parties from effectuating Phase 2 of the Project, and as a result, the parties desire to amend the Agreement as set forth herein.

NOW, THEREFORE, based upon the terms and conditions set forth in the Agreement and in consideration of the mutual promises and assurances provided therein, the County and Developer do hereby agree to the Recitals as stated above and the following terms:

- 1. Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Agreement.
- 2. The definition of “County Loan Commitment Letter” in Article I of the Agreement is amended to read as follows:

“County Loan Commitment Letter” shall mean that certain commitment letter to the Developer from the County dated [REDACTED], 2022], wherein the County has agreed to extend a loan to the owner of the Housing Structure in the amount of up to \$11,265,000.00, with interest at one and one-half percent (1.5%) for a term of the lesser of (i) twenty (20) years or (ii) the term on the first mortgage of the property subject to the Ground Lease for construction, equipping and operation of the Housing Structure as described in Section 2.7 and **Exhibit D** attached hereto and incorporated herein by this reference. The County Loan shall be a construction/permanent loan funded on a monthly draw basis in accordance with the terms and conditions of the County Loan Agreement. At the end of the construction term, the amount of loan funds actually disbursed shall be converted into a permanent loan.

3. The definition of “County Promissory Note” in Article I of the Agreement is amended to read as follows:

“County Promissory Note” shall mean that certain promissory note in the amount of up to \$11,265,000.00, with Owner as the Borrower therein and the County as the Lender therein further documenting the terms and conditions of the County Loan Commitment Letter.

4. Section 2.7 of the Agreement is amended to read as follows:

County Loan. Provided the Developer is successful in closing on the necessary financing for the construction of the Housing Structure as further described in the Development Budget, the County shall make a construction loan to the owner of the Housing Structure in the amount of up to \$11,265,000.00, with interest at one and one-half percent (1.50%) for a term of the lesser of (i) twenty (20) years or (ii) the term on the first mortgage of the property subject to the Ground Lease for construction, equipping and operation of the Housing Structure. Pursuant to the terms of the County Loan Agreement, disbursement of the County Loan to Developer shall be conditioned upon draw requests and invoices to correspond with the Development Budget. In the event the Development Budget decreases or the costs of construction of the Project are reduced prior to the full disbursement of the County Loan, the County Loan shall decrease by the amount of such reduction. The County Loan Commitment Letter is attached hereto as **Exhibit D**.

5. **Exhibit D**, the “County Loan Commitment Letter”, is amended and replaced by the new Exhibit D attached hereto and incorporated herein by this reference.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, the Parties hereby set their hands and seals, effective the Effective Date.

COUNTY OF DURHAM, NORTH CAROLINA
A public body corporate and politic

[SEAL]

Name: _____
Title: _____

STATE OF NORTH CAROLINA

COUNTY OF _____

I, _____, a Notary Public of the State and County aforesaid, certify that _____ personally came before me this day and acknowledged that he/she is _____ of the County of Durham, and that by authority duly given and as the act of the Board of County Commissioners, the foregoing instrument was signed in its name by its Chairman, sealed with its corporate seal and attested by him/herself as its _____.

WITNESS my hand and official seal, this _____ day of _____, 20____.

Notary Public
My commission expires: _____

IN WITNESS WHEREOF, the Parties hereby set their hands and seals, effective the date first above written.

LAUREL STREET RESIDENTIAL, LLC
a North Carolina limited liability company

By: _____
Name: _____
Title: _____

State of _____

County of _____

I, the undersigned, a Notary Public of the County and State aforesaid, do hereby certify that _____ personally came before me this day and acknowledged that he/she is _____ of Laurel Street Residential, LLC, a North Carolina limited liability company, and acknowledged, on behalf of the company, the due execution of the foregoing instrument. Witness my hand and official stamp or seal, this the ____ day of _____, 20__.

Notary Public

My Commission Expires:

EXHIBIT D

Permanent Lender Letter of Intent/Commitment

Attn: Low Income Housing Tax Credit Program

The undersigned (Lender) hereby makes the following representations to induce the N.C. Housing and Finance Agency to reserve to Laurel Street Residential, LLC, a North Carolina limited liability company (Applicant), Low Income Housing Tax Credits for the development located at 300 East Main Street Durham, North Carolina, known as or to be known as the 300 Block of Affordable Housing and consisting of 110 affordable housing units (Development):

1. The Lender has issued a Letter of Intent (Letter) to Applicant to provide construction financing in the amount up to, and not to exceed \$11,265,000.00 (the "Loan amount").
2. All Loan Amount funds not utilized by the Applicant for the Development pursuant to the Development Budget shall remain with the Lender and not be disbursed.
3. 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 time of loan funding.
4. The loan, if made, shall have a term of the lesser of (i) twenty (20) years, or (ii) the term of the first mortgage on the subject property for construction, equipping and operation of the Housing Structure at a fixed interest rate of one and one-half percent (1.5%).
5. The amortization period of the loan shall be the lesser of (i) twenty years, or (ii) the term of the first mortgage on the subject property for construction, equipping and operation of the Housing Structure.
6. The anticipated security interest of the Lender shall be a "Ground Lease" and shall convey a leasehold interest in the Housing Structure Site for a term of ninety-nine (99) years or such term as maybe required by an investor member.
7. This Letter of Intent shall be valid until completion of the 300 Block Affordable Housing.
8. The total amount of fees associated with construction/permeant financing (i.e. origination) are \$0.00.

Lender understands that the Agency needs this information to determine the Development's eligible basis.

Durham County Government
Name of Lender

By: _____