

500 EAST MAIN STREET, DESCRIPTION OF DOCUMENTS

AGENDA ITEM 24-0452, ATTACHMENT 14

Assignment of Contracts: This agreement grants the County additional security interests, in that all site plans, permits, licenses, contracts, etc., and the rights and claims that come with them, are also security/collateral for the loan.

Assignment of Leases and Rents: 500 East Main, LLC assigns to County its rights to rents derived from the premises. So long as there's no default on the indebtedness, 500 East Main can collect rents. Rents must first be applied to taxes and assessments, next to maintenance and repairs, and then to principal and interest on the loan (unless there's a senior loan). If there's default on the loan, the County can collect rents to cure the default and remedy other damages.

GREC Swap Subordination and Standstill Agreement: County's loan is subordinate to Grandbridge Real Estate Capital LLC's loan. If there is default on Grandbridge's Senior loan, Grandbridge has remedies that have priority over County's. County can't modify its loan arrangement or do anything else detrimental to Grandbridge's Senior lender position. If there is default on the County's subordinate loan, County will "stand still" and not accelerate the County loan, foreclose, or take any other collection or enforcement action without Grandbridge's prior written consent.

Landlord Waiver: Truist is a secured party for its loans to 500 East Main, loans secured by all the assets of 500 East Main installed on the premises. If there is default by 500 East Main on a Truist loan, Truist can seize/repossess such assets (non-fixtures) ahead of or instead of the County. Also, County must inform Truist within 30 days if there is default or some other reason for County to cancel the Lease or take possession of the property.

Leasehold Deed of Trust: 500 East Main, LLC grants to County its leasehold rights in the property in accordance with the Ground Lease. 500 East Main is responsible for insurance, taxes, waste removal, etc.

Loan Agreement: County loan to "500 East Main, LLC" (Borrower) for \$10,618,417, interest rate of 1.5% on the principal, non-compounding and non-amortizing. The loan is secured by the Leasehold Deed of Trust as the 3rd Lien on the Project (behind Truist and Grandbridge). The loan is for the construction of 195 affordable housing units.

Promissory Note: \$10,618,417 loan, 1.5% interest on unpaid principal. Payments on accrued interest via Cash Flow only. 4% late charge for any payment beyond 15 days of due date. If not sooner paid, the entire outstanding principal and accrued but unpaid interest is due and payable upon the lesser of: (i) forty (40) years from the Closing Date, or (ii) the expiration of the term on the first mortgage of the property subject to the Ground Lease for construction, equipping and operation of the Improvements. Collateral = Leasehold Deed of Trust, Assignment of Leases and Rents, UCC-1 Statements covering personal property.

Truist Subordination Agreement: Truist’s creditor/lienholder position is above the County’s. County’s loan (and related enforcement remedies) are subordinate to Truist’s.

Tri- Party Agreement: This agreement is necessary to document the schedule/phasing changes for the construction of the Linear Park. The MDA previously called for the Linear Park to be completed as part of the Market-rate housing phase by ZOM. Through coordination and logistics reviews, the teams have determined that Laurel Street Residential (LSR) will need to use a significant portion of this space as staging, laydown and access to the affordable housing envelope during the construction of the affordable housing development. Therefore, ZOM has assigned its obligations to construct the Linear Park to LSR, subject to the assumption of such assignment by LSR and the consent of the County.

Ground Lease: By definition, a Ground Lease is an agreement in which a tenant is permitted to develop a piece of property during the lease period, after which the land and all improvements are turned over to the property owner. In this instance, LSR will be developing 1.142 acres located at 128 S. Elizabeth Street. The developer intends to develop a (5) story structure containing approximately one hundred ninety-five (195) affordable housing units with a variety of studio, one-, two- and three-bedroom units and amenity spaces made available to families earning 30%, 60%, and 80% of the area median income. The Ground Lease outlines the terms and conditions, term of the lease, rent, delivery of the premises, construction and use of the premises.

Lease Addendum: The Lease Addendum is required in connection with a mortgage loan insured by the U. S. Department of Housing and Urban Development (“HUD”) for multifamily projects pursuant to the National Housing Act, as amended, found at 12 U.S.C. & 1701, et seq. (“ACT”), and made by the following HUD-approved lender, Grandbridge Real Estate Capital LLC, a North Carolina limited liability company (“LENDER”).

Memorandum of Lease: for recording purposes; this document is filed with the Register of Deeds so that the fact of the Leasehold’s existence is properly recorded.

Estoppel Certificate: An Estoppel Certificate is a document commonly used in due diligence in real estate and mortgage activities. It is based on estoppel, the legal principle that prevents or estops someone from claiming a change in the agreement later on. In this case the estoppel certificate is from LSR and Durham County to Grandbridge Real Estate Capital LLC and the Department of Housing and Urban Development confirming the Ground Lease for the affordable housing development. As a condition of HUD’s acceptance of a ground lease transaction, an estoppel certificate identifying the Ground Lease documents and signed by the Landlord, dated within thirty (30) days of the Note endorsement, must be provided to the lender and HUD at closing.

Loan Agreement Addendum: Previous agreements and commitment letters for the project had a 20 year loan term. While financing for this project is significantly similar to that of the 300 East Main, there is a small modification in that 500 East Main will be financed with assistance from a Hud (D) (4) loan which includes a 40 year term. This HUD financing requires that the County

loan be extended to at least 40 years to ensure that it outlasts the term of the permanent HUD financing.

Completion of the overall redevelopment will provide a parking solution for various County departments and citizens visiting the Human Services facility, commercial and retail locations and further support the affordable housing initiative along E. Main St. through a mixed-income development.

Durham County Engineering and Legal Departments, August/September, 2024

Agenda Item 24-0452, September 9, 2024