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February 18, 2013

Mr. Scott Farmer  
NCHFA  
3508 Bush Street  
Raleigh, NC 27609

RE: Preiss-Steele Place—Full LIHTC Application  
APP12-0166

Dear Mr. Farmer:

This letter is to follow up a brief telephone conference you had with Sherrod Banks on February 14, 2013, about the above-referenced application and award of low income housing tax credits.

Please recall that the City of Durham (the City) will allow Preiss-Steele Place, LLC (the Owner) to assume an existing loan in the approximate amount of \$1,512,122 and that the Owner will borrow \$1,000,000 in RPP funds from NCHFA. As we have previously structured our application, the repayment terms for these loans are more favorable to NCHFA than the City. The City has requested that the repayment terms be modified pursuant to Section IV.C.2 of the QAP, which generally states that payments will be split between the City and NCHFA based upon the relative size of their respective loans. Please know that the City has offered to reduce its interest rate to 0% and to extend the term of its loan to 30 years if NCHFA is willing to do the same and such modifications are helpful to the project.

We are fully supportive of the City's request and would like to know if NCHFA can accommodate us. Should you have additional questions or need additional information, please contact Shannon McLean at (919) 667-2125.

Sincerely,

Dallas J. Parks  
Chief Executive Officer